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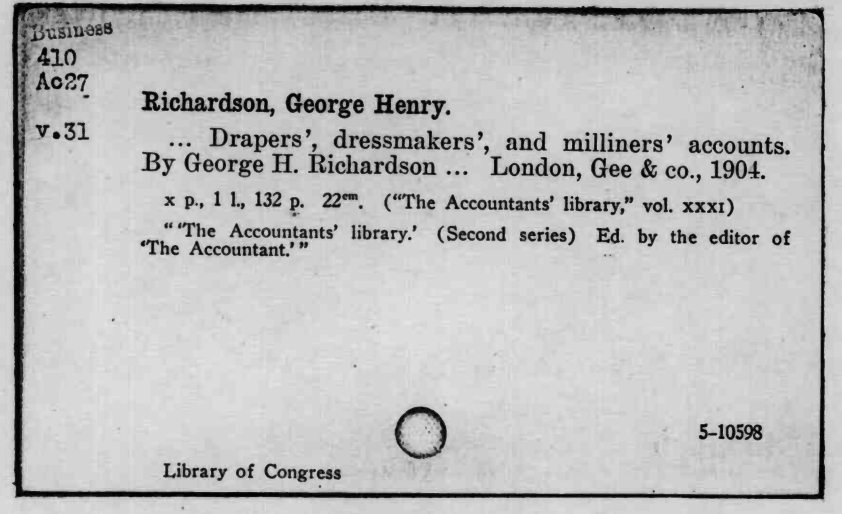

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DRAPERS', DRESSMAKERS' AND MILLINERS' ACCOUNTS.

BY

GEORGE H. RICHARDSON, A.S.A.A.

(Honours, Final)

Fellow of the Chartered Institute of Secretaries.

AUTHOR OF

"Secretarial Work and Practice"; "General Principles and Practice of Bookkeeping"; "Bookkeeping for Newspapers and Printers"; "Workroom and Departmental Accounts"; "Statistical Side of Bookkeeping"; "Combines and Accountancy Organisation," &c.

JOINT-AUTHOR OF

"Textile (Cotton, Woollen, and Worsted Spinning and Manufacturing) Accounts"; "Mineral Water Manufacturers' Accounts."

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EDITOR'S PREFACE

THE object of the series of handbooks that is being published under heading of THE ACCOUNTANTS' LIBRARY is to provide, at a reasonable price, detailed information as to the most approved methods of keeping accounts in relation to all the leading classes of industry whose books call for more or less specialised treatment. No such series has hitherto been attempted; but there exist, of course, numerous separate works dealing with the accounts of one particular class of undertaking. These separate works are, however, for the most part either too expensive, or too superficial to answer the purpose that is particularly aimed at by THE ACCOUNTANTS' LIBRARY, which is intended to supply the student with that specialised information which he may require, while at the same time affording to the trader, banker, or manufacturer who is not in a position to secure the fullest information for his purpose, knowledge which can hardly fail to be of the very greatest assistance to him in the correct keeping of his accounts, upon a system specially adapted to his requirements, and therefore involving a minimum expenditure of labour. It is expected that the series will also be found of material assistance to bookkeepers of all classes.

Without aiming at giving an exhaustive account of the manner in which each separate business is conducted, the technical points in connection with each industry will receive as much attention as is necessary in order fully to elucidate the system of accounts advocated, while each volume will be the work of one who has made that particular class of accounts more or less a speciality. It is obvious, however, that to enable the necessary ground to be covered in the space available, it is incumbent to assume upon the part of the reader a certain knowledge of general bookkeeping. The extent of the knowledge assumed will vary according to the nature of the class of accounts considered. For example, in the volumes on "Bank Accounts" and "Shipping Accounts," a thorough acquaintance with ordinary double-entry bookkeeping is not unnaturally assumed, but in the case, for instance, of "Auctioneers' Accounts," and other similar volumes, such explanations are included as will enable the ordinary intelligent reader fully to grasp the methods described, even although his knowledge of bookkeeping may be of an elementary description. These explanations are doubtless, superfluous as far as accountants are concerned, but are necessary to make the volumes of value to the majority of those specially engaged in these particular industries.

To subscribers for the whole series it may be added that, when completed, it will form a most valuable and practically complete library, dealing, at the hands of specialists, with practically every class of accounts, and illustrating the application

of the theory of double-entry as described in general works on bookkeeping.

The first series (of twenty volumes) has already been completed, and particulars of the subjects dealt with will be found on p. i. A second series (particulars of which will be found on page ii.) is now in progress; it is expected that this second series will comprise about thirty volumes in all.

34 Moorgate Street,
London, E.C.
June 1907.

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DRAPERS' ACCOUNTS

DRAPERS', DRESSMAKERS', AND MILLINERS' ACCOUNTS.

CHAPTER I.

GENERAL PRINCIPLES.

THE term "draper" was used formerly only in connection with the selling of cloths, but in modern practice it has achieved an immensely wider range of application, and includes now not only the selling of goods for the clothing or adornment of the person, but almost every conceivable thing for the equipment or embellishment of the home.

A modern drapery store is a vast emporium combining an infinity of trades and of trade requirements in the way of organisation and of bookkeeping, though the complexity of its detail is kept at a minimum by reason of the simple basis of its trading—namely, buying and selling. Where labour is employed in producing as distinct from distributing, as in millinery and costume workrooms, upholstery, drapery, or carpet factories, the detail is considerably increased and the scope of the bookkeeping extended.

The various gradations in the character and sizes of drapery businesses render it impossible to give a scheme of accounts which shall at once be applicable to and representative of each and all; the aim, therefore, of this book will be to outline forms suitable to general types, and to suggest principles and methods which shall in some measure be applicable to all.

Prior, however, to entering into detail, it is as well to recognise that many small proprietors, who have received no preliminary training in bookkeeping, are often called on to keep books of account; a few words, therefore, as to the general principles and practice of correct account-keeping would not be out of place, especially as this series of text-books is intended as much for the use and service of those engaged in the several industries, &c., as for the perusal of accountants and accountant students.

First, then, "the chief object and aim in good bookkeeping is to show clearly and concisely the working of a business, so that at any time an Account of Trading and Profit and Loss can be made, as well as a Balance Sheet showing the financial position." The working of a business is shown by means of accounts opened in a Ledger, the particulars of which are posted or copied from subsidiary books or records.

Accounts are of two classes—Personal, that is, relating to transactions with persons; and Impersonal, that is, relating to the effect which the personal transactions produce upon the capital of the business. Each class is subdivided—

Personal Accounts into accounts of indebtedness of persons to the business (Sales), and accounts of indebtedness of the business to persons (Purchases and Expenses).

Impersonal Accounts into accounts of property and accounts of profit and of loss.

The subsidiary books or records form two classes—Inwards and Outwards, or Purchases and Sales; these being again divided into—

Purchases Bought and Purchases Returned.

Sales Effected and Sales Returned.

Cash received and Cash paid away.

Every entry made is either a debit or a credit, and its effect is to debit one account and credit another, or *vice versâ*, as, for instance, a sale diminishes stock and increases either the indebtedness of an individual if sold on credit, or the amount of cash on hand if sold for cash. Personal Accounts are generally debited or credited daily, Impersonal Accounts monthly by totals. Thus we get the theory and observe the practice of double-entry, and establish the rule that the total amount of the debits should equal the total amount of the credits.

To debit is to charge, to credit is to discharge or allow, the rule being to charge an account (Personal or Impersonal) with what it receives, or is represented as receiving, and to credit it with what it disburses or is represented as disbursing.

The results of the trading of a period are arrived at by a transference of the amounts of Stock, Purchases, and Sales Accounts to an account termed a Trading Account, which shows on the left-hand side Stock at start and Goods Purchased, and, on the right-hand side, Goods Sold and Stock at finish, the difference being the gross profit or loss resulting from the trading. Against gross profit is charged—in an account termed a Profit and Loss Account—the expenses of carrying on the business, the final difference being the net profit or loss for the period.

Profit or loss is thus an outcome of trading, and therefore of the investment of capital; consequently it reacts upon capital, diminishing the latter if the trading resultant be a loss, but increasing it if there be a profit, the exact state of capital being shown in the Balance Sheet by the difference between the amount of assets and the amount of liabilities.

CHAPTER II.

THE ACQUISITION OF A BUSINESS. OPENING ENTRIES.

THERE are two ways of starting in business: By purchasing a more or less established concern, or by taking new premises and building up a trade. Each has its advantages and disadvantages, though from the point of view of bookkeeping probably the new business offers the fewer complications.

Assuming, however, that the business it is proposed to deal with is an established one, and that the new proprietor, being a practical man, has preferred to carry on his own negotiations without the intervention of a valuer, with the result that on February 28th it has been decided to take the business over on the basis of paying—

£3,500 for Freehold Site and Premises.
1,350 for Stock as at January 31st.
350 for Fixtures, Fittings, and Trade Utensils.
1,200 for Goodwill.

£6,400

subject to adjustment of stock values in respect of February's trading, the Purchases and Expenses in connection with which are to be debited and the Sales credited the new proprietor, the latter to pay interest from January 31st on the stock amount.

Assume further that the new proprietor has an available capital of £3,500, that he has been able to arrange with his bankers an equitable mortgage of the property for £2,500, and

with the vendor to pay £5,500 down, and the balance in bills at three and six months with interest at 4 per cent. The new proprietor to receive payments of customers' accounts in respect of the old business, and to account for same.

The trade of the shop is well-to-do middle class, and is part cash and part credit. The departments are Black and Coloured Silks and Velvets, Black and Coloured Dress Materials, Prints and Cotton Materials, Household Drapery, Gloves and Fancy, and Ladies' Outfitting.

STOCKTAKING.

On formally taking over the business the first thing to do is to arrange for a fresh taking of stock. This is essential to the establishment of proper accounts, and should never be omitted. Among other things it assures the proprietor that the values taken over are correct, and prepares the way for the sale which should be held to clear and improve the stock, to increase the working capital, and to enable the new proprietor to make the acquaintance of the customers of the business.

The opening entries in the Cash Book would, under the circumstances, be as follow:—

The stocktaking at January 31st disclosed Stock as follows:—

	£	s	d
Black and Coloured Silks	290	0	0
,, ,, Materials	450	0	0
Prints and Cottons	150	0	0
Household Drapery	210	0	0
Gloves and Fancy	120	0	0
Ladies' Outfitting	130	0	0
	£1,350	0	0

Whilst the Adjustment Account at February 28th showed:—

	£	s	d	£	s	d
Stock as at January 31st				1,350	0	0
Purchases, February 1-28..				303	9	6
Expenses paid—						
Salaries	26	10	0			
Rates and Taxes..	25	0	0			
Lighting	3	12	0			
Packing and Carriage	1	6	0			
Stationery, Postages, and Sundries ..	1	5	6			
				57	13	6
				1,711	3	0
Less Sales—						
Credit	186	1	0			
Cash	272	2	0			
				458	3	0
				1,253	0	0
Add 28 days' Interest on £1,350 at 4% per annum ..				4	2	10
Amount due to Vendor =				£1,257	2	10

The stocktaking on February 28th resulted as follows:—

	£	s	d
Black and Coloured Silks	275	14	4
,, ,, Materials	442	10	0
Prints and Cottons	147	10	0
Household Drapery	196	17	0
Gloves and Fancy	118	0	0
Ladies' Outfitting	127	16	8
	£1,308	8	0

The departmental results for the month of February were:—

	Purchases. £	s	d	Sales. £	s	d	Profits. £	s	d	Rate per cent.
Silks ..	57	13	2	98	11	0	26	12	2	27
Materials ..	107	4	3	152	19	0	38	4	9	25
Prints ..	36	11	2	50	8	0	11	6	10	22½
Drapery ..	46	1	4	71	7	0	12	2	8	17
Fancy ..	28	11	3	40	15	0	10	3	9	25
Outfitting ..	27	8	4	44	3	0	14	11	4	33
	£303	9	6	£458	3	0	£113	1	6	24·67 Average Gross Profit

The opening entries in the Cash Book would, under the circumstances, be as follow:—

1.

CASH BOOK. March 1901.

1.

1901			Discount			Cash			Bank			1901		Discount			Cash			Bank		
Mar. 1	To Capital paid to Bank..	2	£	s	d	£	s	d	£	s	d	Mar. 1	By Purchase Account—Cheque	1	£	s	d	£	s	d	£	s	d
,,	,, Loan from Bank ..	3		..			..		2,500	0	0	,,	,, Purchase Account—Bills	1		..		819	5	8			
,,	,, *Bills Payable Account: 3 Months' Bill due June 4	4		..		404	0	0														
	6 Months' Bill due September 4 ..			..		415	5	8														

*A more regular method of making these Bill entries would be by way of a Bill Book or a Journal.

And the Ledger entries as below:—

1. PURCHASE

1901			£ s d
Mar. 1	To Payments as per Cash Book	C.B. 1	5,500 0 0
"	" Do. do.	" "	819 5 8
			£6,319 5 8

2. CAPITAL

3. LONDON & MANCHESTER

4. BILLS PAYABLE

5. FREEHOLD SITE

1901			£ s d
Mar. 1	To Cash, being Purchase Price of Site and Premises, situate ——— .. .. Conveyance dated ———	P.L. 1	3,500 0 0

ACCOUNT. **1.**

1901				£ s d
Mar. 1	By Transfers as follows:—			
	Freehold Premises		5	3,500 0 0
	Fixtures and Fittings..		6	350 0 0
	Goodwill..		9	1,200 0 0
	Stock, February 1st		10	1,350 0 0
	Goods, February 1st to 28th		10	303 9 6
	Salaries		21	26 10 0
	Rates and Taxes		25	25 0 0
	Lighting		27	3 12 0
	Packing and Carriage		29	1 6 0
	Stationery, &c...		31	1 5 6
	Interest		33	16 5 8
				6,777 8 8
	Less Sales:—	£ s d		
	Credit	186 1 0		
	Cash	272 2 0	10	
			..	458 3 0
				£6,319 5 8

ACCOUNT. **2.**

1901			£ s d
Mar. 1	By Cash	C.B. 1	3,500 0 0

BANK, LOAN ACCOUNT. **3.**

1901			£ s d
Mar. 1	By Loan against Deeds at 4% per annum	C.B. 1	2,500 0 0

ACCOUNT. **4.**

1901			£ s d
Mar. 1	By Bill due June 4th	C.B. 1	404 0 0
"	" Do. September 4th	" "	415 5 8

AND PREMISES ACCOUNT. **5.**

6. FIXTURES AND

			£ s d
1901 Mar. 1	To Cash, being Purchase Price, particulars as Inventory	P.L. 1	3,350 0 0

9. GOODWILL

			£ s d
1901 Mar. 1	To Cash, being Purchase Price	P.L. 1	1,200 0 0

10. GOODS

			£ s d
1901 Feb. 1	To Stock on hand	P.L. 1	1,350 0 0
1-28	„ Purchases as per Purchase Account	„ „	303 9 6

21. SALARIES

			£ s d
1901 Mar. 1	To Cash as per Purchase Account	P.L. 1	26 10 0

25. RENT, RATES,

			£ s d
1901 Mar. 1	To Cash as per Purchase Account..	P.L. 1	25 0 0

27. LIGHTING

			£ s d
1901 Mar. 1	To Cash, being One Month's Lighting	P.L. 1	3 12 0

29. PACKING AND

			£ s d
1901 Mar. 1	To Cash as per Purchase Account..	P.L. 1	1 6 0

FITTINGS ACCOUNT. **6.**

ACCOUNT **9.**

ACCOUNT. **10.**

			£ s d
1901 Feb. 28	By Sales as per Purchase Account..	P.L. 1	458 3 0

ACCOUNT. **21.**

AND TAXES ACCOUNT. **25.**

ACCOUNT. **27.**

CARRIAGE ACCOUNT. **29.**

31. STATIONERY

1901			£ s d
Mar. 1	To Cash as per Purchase Account	P.L. 1	1 5 6

33. INTEREST

1901			£ s d
Mar. 1	To Interest on Purchase Money	P.L. 1	16 5 8

The accounts are sufficiently explanatory in themselves. The Purchase Account, it will be seen, is opened with the posting from Cash Book of the amounts paid to the vendor, and is balanced by a transfer of the several items of the purchase to their respective accounts. It only remains to extract a Trial Balance to show the correctness of the posting.

TRIAL BALANCE.

Account	Debit	Credit
	£ s d	£ s d
Capital	..	3,500 0 0
London and Metropolitan Bank, Loan Account ..	..	2,500 0 0
,, ,, ,, Current Account ..	500 0 0	
Bills Payable	..	819 5 8
Freehold Site and Premises	3,500 0 0	
Fixtures and Fittings	350 0 0	
Goodwill	1,200 0 0	
Goods	1,653 9 6	458 3 0
Salaries	26 10 0	
Rent, Rates, and Taxes	25 0 0	
Lighting	3 12 0	
Packing and Carriage	1 6 0	
Stationery	1 5 6	
Interest	16 5 8	
	£7,277 8 8	£7,277 8 8

The above entries are examples from a business acquired by purchase, but they are equally applicable to an established proprietor desiring to make a new start with his books, provided that he first arrange for—

ACCOUNT. **31.**

ACCOUNT. **33.**

(1) A valuation of the property.

(2) An inventory and valuation of all fixtures, fittings, and furniture.

(3) A careful scheduling and valuation of stock.

(4) A scheduling of all debtors and creditors; and,

(5) The ascertaining of correct amount of cash on hand and at bankers.

For a beginner starting a new business many of the accounts obviously are not required. A Capital Account, Bank Account, Furniture, Fixtures, and Fittings Account, and Goods Account would probably suffice for a commencement, others would be added as occasion required.

The scheme of working any system would vary with the character of the trading and the individuality of the person at its head, but provision must be made in any case for a proper and correct record of the receipt of goods, of sales effected, of cash received, of cash paid away, and of all other factors incident to the transfer of goods or goods' worth from one individual to another.

Simplicity can be met by an Invoice Book for Purchases, Counter Books for Cash Sales, a Day Book for Sales on credit, a Cash Book for Receipts and Payments, and a Ledger,

but the detail of these books will be amplified and their number increased as the business grows and its character is developed. It is, therefore, proposed to outline the general scheme of bookkeeping applicable to the majority of drapery concerns, and to give particulars of any variations from the ordinarily accepted method of working where such may have been found to be useful or have proved economical and successful.

CHAPTER III.

CASH SALES.

THE method of recording Cash Sales differs largely with the size of the business and the number of salespeople employed. For small businesses one of the many makes of cash register tills, with a cash desk and slip books, or without, will be all that can be required; whilst larger concerns will be equipped either with pneumatic tubes and central cash office, or a rail carrier system with sectional cash desks. Whichever method be employed, the object is to dissociate the control of the cash from those selling the goods, and to get an independent record of Cash Sales as a result of the reciprocal check of cashier on salesman and salesman on cashier.

CASH REGISTERS.

Of the many makes of cash registers those of the National Cash Register Company are largely used, and the effective protection they give both employer and employed warrants a reference to the different methods of using them. At the same time, it is only fair that counter tills, such as the Gledhill and the O'Brien, as well as the National Autographic, should be mentioned. These latter provide for a record of sales on a strip of paper, this strip being moved round one space every time the cash drawer is opened. The total of sales entered on this slip for the day, if correctly entered, should agree with the cash in drawer, less the "float," and be entered in the Cash Book on the left-hand side as Cash Sales for the day.

The National Cash Register Company offers the choice of two other systems—a "Pay Cashier System," in which the register is apart from the cashier; and a "Cash Register System," in which the two are combined. There are three variations of the "Pay Cashier System"—the Single Check System, the Stub-Check System, and the Slip Printing Registers.

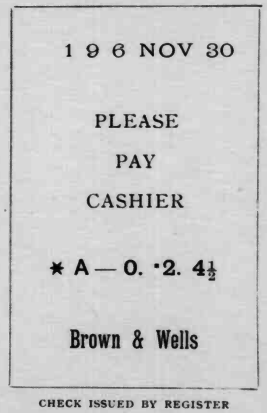
PAY CASHIER SYSTEMS.

The registers are built for either electrical or hand operation. With an electrically-operated register a pressure of an initial key completes the record.

Single Check System.—

Register is centrally located in the shop. When a sale is made the assistant records the amount on the register. This prints and issues checks consecutively numbered and dated, with the words "Please pay cashier," the amount of sale, and the initial of the assistant. Check is handed to the customer with the goods. Customer takes it to the cashier and pays. Cashier's desk is located near the door, where she can watch the shop and see who goes out. She keeps track of the checks by their consecutive numbers, and can quickly locate a missing number.

A duplicate record of every check issued is printed on a roll of paper under lock and key at the side of the register. If the proprietor is away, this record can be removed and posted to him without access to the other records. It gives him the details of the entire day's business, showing just what each assistant did, and enables him to keep in close touch with his business.

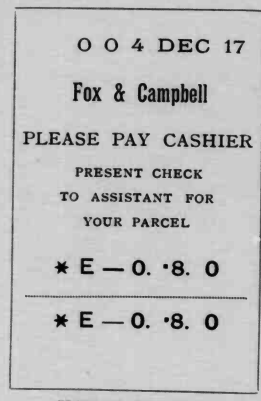


CHECK ISSUED BY REGISTER

The register automatically adds the amount of each check as it is issued. At any time the proprietor can tell at a glance the total amount of business done and cash to be accounted for.

Stub-Check System.—

When only one register is used, it is located in the most central part of the shop. When two or more registers are used, they are located in departments. Assistant records amount of sale on the register, which automatically issues a check. Consecutive number, date, amount, and assistant's initial are printed on both upper and lower parts of the check. The check is perforated, separating these two sections, and the assistant, tearing it in two, hands one part to the customer and places the other under the string with which the parcel is tied. Printing the duplicate record on the stub-check takes the place of the detail sales-strip.



FRONT OF STUB-CHECK

Customer pays the cashier, who stamps the check "Paid" and returns it. The customer then presents it to the assistant to claim the goods. Parcels are identified by comparison of the two parts of the check. This system is very useful where there are "packing counters" distinct from "serving counters."

Slip-Printing Registers.—

These registers are located in departments. The assistant makes out the sale on a duplicating Sales Book, places the duplicate slip on the parcel, puts the original in the register, and records the sale. The machine prints the consecutive number, date, amount, and assistant's initial on the sales slip. This slip is handed to the customer, who takes it to the cashier and pays.

The cashier stamps the slip "Paid," and the customer shows it to the assistant who served her and claims the goods. The "Paid" stamp and the printed amount are evidence to the assistant that the correct payment has been made. Goods are identified by comparison of the slips. The duplicate slip is retained for dissection of the business of the department.

The register automatically adds the total amounts of the slips as they are printed, and the amount of cash to be accounted for is shown on the adding-wheels of the register under lock and key.

This type of register prints a detailed record of every transaction, showing the kind, the amount, and the initial of the assistant who made the sale. These records can be detached from register without access to other records, and can be sent to the proprietor wherever he is, keeping him always in touch with the details of his business.

This, too, is a system which may be applied to the separate "packing counter" idea.

CASH REGISTER SYSTEMS.

The cash register for use in a cash desk combines simplicity of operation with rapidity. The bill is placed upon a flat table attached to the register, and keys pressed to correspond with its amount and the initial of the cashier receiving the money. On turning the handle of the register the bill is receipted, the amount payable by the customer is printed in a prominent position, the amount is added to the previous total inside the register and printed on a ribbon of paper for future reference in case of need. The receipt is returned to the customer or assistant, as the case may be.

In actual operation this system is almost as rapid as the ordinary dating stamp, and gives great security, because the cashier's money at the end of a day's business must correspond with the total preserved under lock and key inside the cash register.

In another form of register a portion of the bill itself is cut off by the machine and preserved under lock and key. Upon the cut off portion is printed a record of the transaction, and this printing is a facsimile of the endorsement made by the machine upon the original handed to the customer. In this case the total amount in the cashier's hands is shown at a glance.

In some businesses on a small scale, employing from one to nine hands, the assistants themselves have successfully taken all money from customers by using a form of National Cash Register, in which each assistant has a separate cash drawer under his own control, just as with bank cashiers. Either the bill itself can be receipted and printed upon by the cash register, or else a check issued by the machine can be attached to it.

At the end of the day, with this last mentioned system, each assistant hands in the money which he finds in his cash drawer, and the assistants' totals added together must equal the total shown by the register.

In yet another form each assistant's total is separately shown, as well as the grand total.

Where great rapidity is required any of the National Cash Registers referred to can be electrically operated, and when this is done seventy-five receipts per minute can be produced.

PNEUMATIC TUBE OR RAIL CARRIER SYSTEMS.

Apart from the method of transmission, the main difference between these two systems is that in the case of the pneumatic tubes the cashiers are generally located in a central cash office, to which all the tubes converge; whilst in the case of the rail systems, the establishment is split up into sections and a cash desk allotted to each section.

SLIP BOOKS.

In either case Slip Books (styled sometimes Counter Books or Check Books) are used; they consist usually of about a hundred slips numbered consecutively in sets of two or three, occasionally of four. The top copy, or original, is usually for the customer; the second, or duplicate—the parcel docket—for the despatch room, or the authority for the goods to leave the premises; and the third, or triplicate, for the Counting-house or departmental record. Where the slip is in quadruplicate there is some additional purpose to be served, such as a salesman's or departmental record outside the counting-house.

There are many excellent forms in use, differing in some small detail from each other. The one illustrated has been selected from many as embodying the principal points, and answering at once the purpose of a Cash or Credit Sale Slip in cases when the same book is used for the two classes of sales.

Telegrams: WOOLLAND BROS., London. *Telephones*: Westminster 431 & Victoria 392.

WOOLLAND BROS.

LINEN DRAPERS, SILK MERCERS, LADIES' AND CHILDREN'S OUTFITTERS, HOSIERS, GLOVERS, LACEMEN, AND ARTIFICIAL FLORISTS.

95, 97, 99, 101, 103, 105 & 107 KNIGHTSBRIDGE, and 15, 16 & 17 William Street, London, S.W.

DRESSMAKING AND COSTUMES, MOURNING GOODS, MANTLES AND MILLINERY.

Terms: *Ready Money without Discount. No System of Credit Recognised.*

*Name*_____

*Permanent Address*_____

*Goods to be sent to*_____

BOOK DATE 190 EXD. BY

C

PARCEL DOCKET.

Name _____

Permanent Address _____

Goods to be sent to _____

BOOK	DATE	190	EXD. BY

The triplicate and quadruplicate would, of course, be plain paper—that is, no printing would appear on them beyond the particular number of the set of slips to which they belonged.

When a sale for cash is effected a slip is made out in duplicate or triplicate, according to the method in vogue, by the salesperson serving; the goods and prices are checked over by the shopwalker or buyer, or, in the absence of both, by another salesman, who initials the slip in the space marked "Exd by," and the slip with its counterpart, or parts, is sent with the money to the cash desk, where the cashier stamps, or imprints by perforation, a stamp showing that the transaction is for cash.

A very good form of stamp, and one that avoids all revenue points, is the following:—

CASH TRANSACTION,
JONES, DAVIES & Co.,
March 7th 1901.

When goods are taken the name and address of customer are rarely filled in, the word "Taken" being simply written in, though a valuable circularising list might quickly be built up were names and addresses obtained. The cashier retains all parcel dockets of "Taken" goods to prevent any improper use of same in connection with other parcels, and returns only the original or top copy of slip, with change, if any, to the customer.

In cases where the goods are to be sent, the full name, address, and despatch instructions must be filled in; the Parcel Docket is stamped by the cashier and handed back with the original, the latter being given the customer (or in some cases forwarded with the goods), and the Parcel Docket sent with the goods to the Despatch Room for the information and instruction of the Despatching staff.

SALESMAN'S SUMMARY.

Date..... *Commencing No*.....

Salesman..... *New Books Received during Day Numbered*

Dept..... From To

Slip No.	Amount	Exd. by	Slip No.	Amount	Exd. by

All Slips must be accounted for, none must be destroyed.

In some establishments the slips are only made out in duplicate, except when goods are forwarded, a loose Delivery Slip is separately made out then and passed in to the cashiers with the other slips, it is stamped, handed back, and sent with the goods to the Despatch Room.

SALESMAN'S SUMMARY.

The salesman, before passing the slips in to the cashier, enters the amount on his Daily Summary Sheet in the front of his Slip Book. This Summary Sheet is passed into the Dissecting Office, or the Cash Desk, at the end of the day, and a new one for the following day issued against it. The objects of the Summary Sheet are to obtain a check summary against the dissection, and a continuous track of slips used. The cashier, therefore, before issuing a fresh Summary Sheet, marks on it the commencing slip number, being the next after the final one on the sheet handed in. If the continuity of the slip numbers on the sheet is broken, the Dissecting Office takes up the inquiry and requires a valid reason from the salesman, which is required to be endorsed on the Summary Sheet for record.

CASHIER'S DISSECTION.

In the central cash office of the tube system, as in the rail carrier system, certain departments of the business converge on one desk, with the result that it is easy to sectionalise the recording as well as the receiving of Cash Sales. In an establishment of thirty departments there might be four cashiers, averaging seven departments each, with anything from, perhaps, four to a dozen assistants each. The cashier's record can thus be made to serve either the purpose of a salespersons' check or a departmental dissection. As the former responds to the more immediate necessity of a track of slips, a check upon salespersons' summaries, and a prompt figure in the case of remuneration based on results, it is more generally employed,

CASHIER'S DISSECTION, Monday, January 21st 1907.

	Jones No. 73		Smith No. 74		Brown No. 76		Kirby No. 83		Hill No. 84		Ives No. 85		Wells No. 86		Totals for Day
	£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d
37	1 2 4	1	0 5 10	9	1 5 11	7	0 5 11	21	1 0 9	6	0 4 9	15	0 2 11	Jones ..	4 6 3
38	0 7 9	2	0 18 11	10	0 17 6	8	0 7 11	22	0 13 6	7	0 6 11	16	0 2 11	Smith..	1 17 11
39	0 12 6	*4	0 6 9	11	1 10 9	9	0 3 6			8	1 0 11	17	0 6 8	Brown	3 14 2
40	2 3 8	5	0 3 6			10	0 10 9			9	0 3 11	18	0 5 11	Kirby ..	2 6 0
		6	0 2 11			11	0 7 4					19	0 2 11	Hill ..	1 14 3
						12	0 6 8							Ives ..	1 16 6
						13	0 3 11							Wells..	1 1 4
Totals	£4 6 3		£1 17 11		£3 14 2		£2 6 0		£1 14 3		£1 16 6		£1 1 4		£16 16 5

Cash paid in £16 16 5

*3 To be tracked.

Jas. Mills, *Cashier.*

especially as it dispenses with a salespersons' dissection in the Dissecting Office and thus halves the work.

The cashier's dissection is usually made on loose dissection paper, similar to the *pro formâ* illustration.

The sheets are totalled and summarised before paying in, the chief cashier bringing the totals of the several cashiers together, either in his General Cash Book or in a Cash Sales Summary Book, according whether the number of cashiers is large or small. The Cash Sales Summary Book, of course, would be an ordinary double column Cash Book, a page would be appropriated to a day, and the day's total taken to the General Cash Book. A Summary Book is, perhaps, hardly necessary where an inner column is used in the General Cash Book for items, in which case the latter would contain the individual cashiers' totals, the aggregate for the day being extended out into the Total Cash column.

SALESPERSONS' DAILY SUMMARY BOOK.

The Cashiers' Sheets are passed into the Dissecting Office, where the salespersons' totals are checked with the Salespersons' Summaries, and when agreed, or corrected, are entered in the Salespersons' Daily Summary Book, a section of the latter book being usually set apart for summarising the monthly totals, so that the individual sales per half-year may be easily ascertained.

SHORTS AND OVERS.

In most establishments Cash "Shorts and Overs" occur. These are cashiers' differences between the amount of their dissections and amount of cash in hand, and are occasioned by some error or other in giving change. Of course, the actual amount of cash in hand is the amount brought into account in the Cash Book; the difference must be dealt with in a "Shorts and Overs" column in the Salespersons' Daily Summary Book, "overs" being entered in black ink and "shorts" in red, and

SALESPERSONS' (OR DEPARTMENTAL) DAILY SUMMARY BOOK.

Date	Names of Salespeople or Departments	Daily Totals
1901		
March 1.. ..		
2.. ..		
3		
&c. to 31.. ..		
Totals .. ..£		

SECOND PORTION OF BOOK SHOWING MONTHLY AND HALF-YEARLY TOTALS.

Months	Names of Salespeople or Departments	Monthly Totals
1901		
March		
April		
May		
June		
July		
August		
Total 1st Half ..£		

the monthly total adjusted by Journal entry, crediting or debiting "Cash Sales Account," so as to bring it into accord with the dissection, and debiting or crediting "Trade Charges."

COLLECTIONS FOR BANK—CASHIER'S VOUCHER.

In some establishments a collection is made half-an-hour before close of bank of all cash in excess of the "float," a Cashier's Voucher being given for the amount, which voucher is included and counted in the cash when it is made up at night time. Any simple form will do.

CASHIER'S VOUCHER for £.....pounds
.....shillings and.....pence
Date.....
(Signed).....
Cashier

DEPARTMENTAL DISSECTION.

The counting-house portions of the Sale Slips are passed in to the chief cashier with the Cash and Dissection Sheets, and are by him passed to the Dissecting Office the following morning for the summaries to be checked, as already stated, and for the departmental dissection to be made.

The slips are first sorted into departments, and are then taken off on to a slip by an adding machine, or on to Dissection Sheets similar to the Cashiers' Sheets, and, when the daily totals have been agreed with the cashier's dissection, the departmental amounts are entered in a Departmental Daily Summary Book, a section of which is usually set aside for summarising the monthly totals, so that the departmental sales for the half-year or year may be quickly ascertained.

CASH RECEIPTS BOOK.

(Or Combined Cash and Dissection Book, for Small Businesses.)

Date	Name	Folio	Received for Credit Sales. Discount	Net Cash	Total of Counter Book No.	Total of Counter Book Amount	Sales People's* or Departmental Dissection								
			£ s d	£ s d		£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
			(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)			

* Whichever be preferred.

SALESPEOPLE'S ERRORS.

Salespeople, like other people, are liable—in fact, some are prone—to errors. In order to minimise these it is necessary for the extensions and additions of all duplicates to be checked, and, whilst the amounts paid in are, of course, fixed amounts, so far as the records and books go, it is usual to charge assistants the amount of all deficiencies—same being put through on a Cash Sales Slip—and reprimand them for all excesses. This ensures at least that the business does not suffer from the salespeople's carelessness, and ensures a dissection of all cash receipts.

COMBINED CASH AND DISSECTION BOOK.

For small establishments a Combined Cash and Dissection Book is oftentimes found useful, the salesperson's dissection being dispensed with, and the departmental dissection being made from the duplicates as they are received at the desk; the Slip Books being collected at night, totalled, and the totals entered in the column assigned in the Cash Book, the aggregate forming a check figure on the departmental dissection. Careful attention should, however, be given to see that no slip is destroyed, or remains unaccounted for, as otherwise a loophole would exist for fraud. An illustration of this book is given on the preceding page.

Columns 4 to 9, &c., of this book should agree with Column 3, which with Column 2 should equal the total amount of cash received during the day. The totals of Columns 1, 2, and 3 are entered daily in the Private or General Cash Book as follows:—

			Discount	Cash	Bank
1904 Mar. 1	To Credit Sale Receipts ..	C.R.	£ s d Amount of Col. 1	£ s d Amount of Col. 2	£ s d
"	" Cash Sales Receipts ..	"	..	Amount of Col. 3	Total of 2 & 3

C.O.D. PARCELS.

C.O.D., otherwise Cash on Delivery Parcels, are goods sold on the condition that cash is paid on delivery. These parcels may be delivered by the draper's own vans or messengers, or by one of the numerous firms of carriers, such as Carter Paterson & Co.

The slips are made out similarly to Cash Sales—in fact, generally the same Slip Books are used—the name and address of the customer is given; the slips are sometimes stamped C.O.D. (Cash on Delivery), or P.O.D. (Pay on Delivery), or To Pay, the duplicate being retained either in the Counting-house or the cash desk, the Parcel Docket going with the goods to the Despatch Room with the top copy of the slip, which latter is tendered with the goods to the customer.

The cash desk holds up all C.O.D. duplicates till the following morning, when the carman pays in the amounts he has collected; the slips are then put through as Cash Sales and the transactions are closed. The point to be most closely watched here is the sequence of slips, so that no transaction may be missed, or cashier or carman tempted through laxity on the part of the Dissecting Section.

Where Ledger track is required of C.O.D. transactions a C.O.D. Ledger is inevitable, and the best form for this is a loose-leaf alphabetically divided Ledger, with a ruling similar to that shown. As to the intermediate book or records, this or these will follow mainly the system in vogue as to Credit Sales, and will, as well as the routine of entering out in the Despatch, be found referred to fully in the next chapter. Of course, where C.O.D. parcels are ledgered up all payments must be paid in as payments of accounts and entered up in the Cash Book.

Many London drapery firms find it advantageous to make use of the facilities offered by such firms as Messrs. Carter

Paterson & Co. for suburban delivery of C.O.D. parcels. In these cases the slips should be made out to the carriers, and marked—

"Goods to be delivered C.O.D. to

Mrs.... ....

.....

....."

The items should then be charged up to the carriers, who settle their account according to arrangement, generally weekly, deducting the agreed commission. A similar arrangement is possible in some of the large provincial cities and towns.

C. O. D. LEDGER.

	Date	Name and Address	Ref. Fo.	*Dr.*	Date		Ref. Fo.	*Cr.*

CHAPTER IV.

CREDIT SALES.

The basis of business with most retail drapery concerns is cash, but a limited amount of credit is accorded by the larger shops, satisfactory bankers' or tradesmen's references being obtained, or information received by means of one of the several status inquiry agencies.

AUTHORISATION.

Where credit is given, obviously the first consideration is an authoritative sanction. This, in most establishments, is vested in the Counting-house manager, and through him in the Ledger and reference clerks. In some businesses a separate desk is set apart for the reference clerks, and known as the "sanction desk," and here all sales on credit have to come to be sanctioned before despatch.

Into the mode of obtaining information, and the registering of it for handy reference when obtained, it is hardly necessary in this work to go, more especially as there are so many other points of organisation linked up with them. Suffice that before goods are specially ordered up, or put into work to be made up, Counting-house sanction should be obtained.

ENTRY SLIPS.

The same Slip Book is generally used for Credit Sales as for Cash Sales, the principal points of difference being that the customer's name and address and mode of despatch—if goods are to be sent—must be filled in, and proper authority must be obtained before the goods leave the house.

If the goods are *taken* by the customer the slip is so marked, and the "Parcel Docket," as well as the triplicate, should be retained by the Counting-house, not only as a matter of record, but to prevent improper use by its falling into the hands of a dishonest person.

Should, however, the goods be required to be *sent*, the triplicate only is retained in the Counting-house, the "Parcel Docket" being stamped or initialled by the reference clerk as "authorised," and sent with the goods to the Despatch as their instructions and authority to deliver.

SALESMAN'S DAILY SUMMARY.

Where the same Slip Book is used for Credit and for Cash Sales, it is usual to have two Cash columns side by side in the Salesman's Daily Summary, headed respectively "Cash Sales" and "Credit Sales," or "Entries." This is necessary to provide separate check figures for the dissection. Some establishments use separate Slip Books—white for Cash Sales and a tinted paper for Credit Sales; where this is done a Summary Slip is provided for each book and the same ruling will serve.

TRACKING SLIPS.

Sometimes a difficulty is experienced in keeping track of entry slips. This is mainly occasioned—

(1) Where it is the rule to await the return of the Parcel Docket to the Counting-house before the goods are charged up, and consequently in times of pressure

(2) By delay in the despatch; and,

(3) By slips being made out before the goods are to hand.

In the delivery of stock goods no delay should occur, whilst in the matter of goods specially ordered or to be made up no slip should be made out till the goods can be delivered. Where the latter rule is not observed much confusion is occasioned,

and a careful system of tracking has to be initiated. In drapery concerns, however, the Slip System is so well understood, and quick delivery of goods so general, that Parcel Dockets are retained in the despatch, and immediate entry is made in the Counting-house books from the duplicates or triplicates.

DISSECTION OF SLIPS.

The duplicates or triplicates of all Entry Slips, otherwise the Counting-house portions, similarly with Cash Slips, come to the Dissecting Office for checking with Salesmen's Summaries and for departmental dissection. As soon as the summaries are checked the totals are entered in the Salesmen's Daily Summary Book, which may be a separate book to the Summary Book used for Cash Sales, or which may be combined with the latter, similar to the ruling illustrated.

One mode of checking the summaries is by sorting the slips according to salespeople, arranging in numerical order and running the amounts off on an adding machine.

As soon as the slips can be released for departmental dissection they are re-sorted according to departments, and the amounts run off on the adder, the aggregate being agreed with the aggregate of the summaries, and the totals entered in the Departmental Daily Summary Book, the monthly totals being carried to the Monthly Summary in the latter part of the book.

On the completion of the dissection the slips are free for entering or posting, according to the system in vogue.

DAY BOOK ENTERING.

The Day Book may be one of three kinds:—

(*a*) An ordinary bound book with loose bill,

(*b*) A loose-leaf book with loose bill, or

(*c*) A manifold Bill Book,

and each of these methods may be used with pencil, pen and

DAILY SUMMARY BOOK.

(For Departmental or Salespersons' Dissection.)

Date	Dresses			Silks			Velvets			Prints			Linens			Daily Totals		
	Cash Sales	Entries	Total	Cash Sales	Entries	Total	Cash Sales	Entries	Total	Cash Sales	Entries	Total	Cash Sales	Entries	Total	Cash Sales	Entries	Total
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
1909 January 1																		
2																		
3																		
4																		
5																		
&c.																		
Monthly Totals																		

ink, or typewriter. In any case, the entries originate with the Entry Slips made out by the salesmen, and these should be sorted up according to the book classification, and handed over to the individual concerned in making the entries. In some cases the day booking is done in the Counting-house, in other cases in connection with the Despatch, whilst in some houses a special Invoicing Department exists.

Most of the typewriter companies cater for this work, and the Remington advocate the use of what is termed the McMillan Sales Book in connection with their bill and charge work. This book has the advantage of a regular bound Day Book, without its defects, permitting free access to the record while bills are being written, and providing for the secure and permanent locking of the sheets in the book when the day's work is done.

In the case of a bound book it may be one of the ordinary kind, or merely a tissue copy book, a carbon sheet being placed between the leaf and the loose bill. In the case of the Loose-leaf Day Book the sheets are completely filled on both sides before they are transferred to the binder, and are paged in advance so as to ensure absolute check against loss. One great advantage of this system compared with the use of ordinary bound books consists in the entry clerk having only the current sheet in use, leaving the binder with the completed sheets free for reference.

After the day's entries have been made, whether in bound or loose-leaf books, they should be called over against the slips, totalled, and the total agreed with the departmental dissection, after which the Day Books are free to be posted to the Ledgers.

The Day Books should be totalled at the end of each day's entries, and a progressive addition also made from the beginning to the end of the month, and the monthly totals of the several books, where there are many, brought together in a Summary Day Book to form the month's aggregate of Credit Sales; or, where there are only a few books, the several totals may be

brought together in one book, and the posting to the Impersonal Account made from that book.

SALES JOURNAL OR COMBINED DAY BOOK AND DISSECTION JOURNAL.

In small establishments with few departments a Combined Day Book and Dissection Journal, with ruling similar to that shown on p. 41, will be found to answer all purposes. The posting to the Sales Ledger is done from this book, and the day's departmental totals carried to the Departmental Summary Book.

One caution should be added, in the case of small establishments especially, on no account should an alteration or a cancelling be permitted after the book has been added or posted, or confusion will inevitably result.

POSTING DIRECT FROM SLIPS.

Where the Ledger posting is done direct from the slips, the latter are usually sorted into Ledger sections and into alphabetical order in the Dissecting Office, the amounts totalled in duplicate on the adding machine, and then handed over with one of the total slips to the Ledger clerks: this, of course, after the departmental dissection has been effected. The Ledger clerk posts, marks the account number or folio on the Entry Slip, and ticks the amount on the Total Slip. The Entry Slips are then either filed in a binder in daily batches in alphabetical and/or account order, or placed in a cabinet file according to customer, so that slips relating to any particular customer may be found together at the month's end.

The Lamson Paragon people have recently brought out a self-binder, which provides a means of securely keeping in convenient order the slips during the process of charging, and for their ultimate binding up in permanent book form, by a simple and easily manipulated binding device, the slips in both stages (bound and unbound) permitting of easy and instantaneous reference.

SALES JOURNAL (Day Book and Dissection Journal Combined).

| Date | Name, Address, and Particulars | Fl. | Items | Totals | DEPARTMENTAL DISSECTION | | |

Arrangements should be made for the preservation of the daily Total Slips, either by a Guard Book or a loose-leaf device, of which latter there are many small and cheap ones on the market, as the figures go to build up the Ledger Balancing Account, whilst the rule that all Total Slips should be returned daily to the Dissecting Office tends to keep the work up to date.

One plan of calling back where the account number or folio is put against the item on the Total Slip is to call back from the latter. This ensures that all items listed are posted, but not that they are posted to the correct accounts, for which purpose direct calling from the Entry Slips is essential.

ITEMISED MONTHLY ACCOUNT.

This feature need not interfere with the existing system up to the point of the receipt of the slips in the Counting-house.

The old method generally consists of writing up the slips into Day Books daily, posting daily, and, when an account is required to be made out, of turning up to the Day Book folios for the various items constituting the itemised monthly account.

By the new system the slips, after dissection, are handed to typists, who enter the items as and when received straight on to a Monthly Account Form, which is in duplicate, with a perforation down the right-hand side. Thus, at the end of the month, the bill is ready, except for totalling and checking, and "account rendered" to be added by the Ledger clerk, if required.

The top copies of the accounts are detached from the duplicates and rendered to the customers, and the duplicates bound in order to form a Journal, from which one monthly posting only in respect of each account is made to the Ledger, the duplicates being bound together in rotation and forming a complete record of the month's transactions.

Filing cabinets are used for keeping the Account Forms in rotation during their compilation. An alternative is to number the accounts on the right-hand corner, the numbers corresponding with the Ledger folios, and keep the account in numerical order under lock and key in cash boxes lettered to correspond with the Ledger concerned.

To obtain a total of the day's charging a small auxiliary cylinder with a continuous tally strip paper roll is provided on the machine, on which is recorded the totals of the various charges as made on each bill; in some cases this tally strip has been found slightly complex, and the dissection total has been considered sufficient for the purpose.

A special machine known as the No. 3 Underwood Retail Bill and Charge Machine has been built for the work, fitted with both automatic aligner and tabulator, and is in use in several large drapery houses.

CHAPTER V.

RETURNS, APPRO., AND DESPATCH.

RETURNS FROM CUSTOMERS.

In nearly every drapery house goods are returned by customers from some cause or another, and in small establishments there is a great temptation to treat "Returns" loosely, with the consequence that great confusion is occasioned; the crossing out of entries in Day Books, after they have been posted and added, not being unknown; whilst Cash has been returned for Cash Returns and treated as expenses.

If the return be that of a Cash Sale, and goods are had in exchange in the same department and to the same amount, the thing is simple; nothing need be done, unless it is desired to show the transaction, when a slip showing both debit and credit entries can be passed through. Should the exchange be in the same department, and exceed the amount of goods returned, a slip should be made out showing the goods had and the goods returned and the balance due.

If, however, the exchange be smaller in amount, and there be a balance to return, or should the customer not desire any further goods in that department, or in the house, a "Cash Credit" should be made out in the Slip Book for the amount due, which should be initialled by a responsible manager, preferably the head of the department, or a floor manager, and sent at once to the cash desk for the amount. The cashier deducts this at the end of the day, and the Dissecting Department deducts it from departmental totals.

"Cash Credits" should preferably be made out on a special form, so as to distinguish them from ordinary Sale Slips, and

might be in book form, one book being kept in each department. In the latter case the same book might be used for "Charge or Entry Credits"—that is, returns of goods entered to the customer's account. "Cash Credits" in this case should have the word "Refund" written across them by the manager signing.

Entry Credits will, of course, be posted to the credit of the Personal Account in the Ledger, according to the system in vogue. If it be the Day Book system, a "Returns Book" will be necessary, in which the particulars should be copied, and from which the amount would be posted, the total of the entries agreeing with the dissection and being deducted daily from Departmental Sales. Where Manifold Day Books are used a "Manifold Credit Book" is used for Charge Credits; the form is similar, but it is printed in red.

In the case of an allowance owing to some defect in the goods, or as a special consideration, a Credit, either Cash or Entry, should be passed through in a similar way.

The Returns are usually dealt with in a separate section of the Receiving and Despatch Rooms, the Returns clerk being responsible for making the entries after he has obtained the necessary authority.

The monthly total of the Returns Book can either be deducted from the monthly total of Sales, so that a net amount is posted to the credit of Sales Account, or the total can be posted to the debit, the former being preferable where a daily net Sales total is used.

APPRO. GOODS.

It often happens that customers cannot decide whilst they are in the shop which they prefer out of several garments or articles, and it is customary to allow such goods out "on approval," nominally charging them to the customer, and crediting them when returned, a Sale Slip being made out for any kept.

Usually a special Approbation Slip Book is used, so arranged that the top slip goes with the goods to the customer, the second to the Counting-house or Returns Room for entry in the Appro. Journal, in which latter case it acts as the Parcel Docket likewise, and a further copy remains in the department for its record.

Where the loose-leaf system is in vogue a Loose-leaf Appro. Journal may be used, indexed according to departments, or alphabetically; thus all appro. entries relating to any one department may be collected together, or an equal facility in turning up to goods had by any particular customer may be ensured by the other arrangement.

On the return of the goods they are crossed off the Appro. Journal in red ink, and the kept lines charged up on an ordinary Sales Slip, which is generally sent with the returned goods to the department concerned for its information.

In some establishments an Appro. Record Book is kept in the Counting-house, in which the Appro. Slips are entered up in a summary form daily, and in which every entry is cancelled either by a Credit Appro. or a Sales Slip.

Where the Manifold Day Book system is in vogue an "Appro. Book" is used, printed in a different coloured ink, or on a different tinted paper, and with the words "Goods on Approval" printed at the head of each invoice, with a notification at the bottom that unless the goods are returned within ..... days they will be charged up. The Returns are marked off in red ink, and the kept lines entered up daily through the Sold Invoice Book, both entries being referenced to each other.

DESPATCH ROOM.

Although not strictly appertaining to the bookkeeping side of a draper's business, the Despatch Room is so interwoven with its organisation and accurate working that it cannot be left out of consideration.

Despatch Rooms in the large establishments consist of Town, Country, and Shipping sections; but the average draper's Despatch Room is, perhaps, more concerned with the delivery of parcels in its own immediate town districts than with the other two sections.

For town despatch the town is usually split into routes, and every parcel as it is packed and labelled is entered in its proper Route or Despatch Book.

This Route Book is in manifold form, the top sheet forming the Carter's Sheet and the bottom the permanent record. The amount to be collected on a "pay on delivery" package is noted in the "Collect" column, and the carter has to account on his return for this amount, or for the parcel, the amounts being paid over to the cash desk, and the sheet being filed away for future reference.

APPRO. SLIP.

Memo. from JOHN JONES & CO.
&c. &c.

Assts. No. Exd. by Date

.....

.....

MADAM/SIR,

We have pleasure in forwarding you the undermentioned Goods on approval as desired and trust you may be able to make a pleasing choice.

We should esteem it a favour if you would return those not approved at your earliest convenience.

Yours respectfully,
JOHN JONES & Co.

Packed by..... Signed by.....

APPRO. JOURNAL.

	Asst's. No.	Appro. Slip No.	Name, Address and Goods	Appro. Credit Date	Appro. Credit Slip No.	Charge Slip No.	Charge Slip Amount

APPRO. CREDIT.

JOHN JONES & CO.

&c. &c.

M .....

.....

Assts. No. Exd. by Date

Date sent out.....

Appro. Slip No.....

Cash Slip No.....

Entry Slip No.....

Amount Paid or Entered £ : :

APPRO. RECORD BOOK.

Date	Depart-ment	Appro. Slip No.	Name	Address	Cash Slip No.	Entry Slip No.	Amount Paid or Entered	Remarks
							£ s d	

In the case of a customer purchasing goods in more than one department, an Enclosure Card is made out by the first assistant, and particulars are filled in by each assistant subsequently serving. The card is thus an index for the Despatch Room as to what goods to expect for this particular customer. The card is generally printed for Date, Name, Address, Instructions for Delivery, and columns for Departments, Assistants' Numbers, Slip Numbers, and Amount of same.

Some establishments use numbered Enclosure Cards, with strips of tickets attached bearing the card number, and also numbered from 1 to 10. These latter are torn off in rotation by the salesmen serving and sent with the goods to the Despatch, the last assistant serving sending the card through with his goods.

Rail or shipping parcels are entered in a duplicate or counterfoil "Consignment Book," as well as in an alphabetically-divided "Rail Despatch Book." The latter facilitates reference, and the former evidences delivery to carrier.

Postal parcels are entered in a "Postal Despatch Book" on a form suitable for obtaining the stamp of a post office, or the signature of a postman authorised to collect.

Most people would be surprised at the extent of the use of the writing machine in the Despatch Departments of the large drapery houses. Even here, however, its utility has been recognised by progressive firms.

The Despatch Department in such cases is usually divided into two sections—the assembling and packing, and the sorting and writing up of carmen's sheets. Some houses concentrate the billing of goods in the despatch, and find that a considerable saving of time and stationery obtains if, when the goods are assembled, a typewritten triplicate bill is made out from the Parcel Dockets, which would be found with the goods, the first bill going to the customer, the second to the Counting-house, and the third used for checking purposes.

DESPATCH OR ROUTE BOOK.

Route or District..... Date.....
Time: Out.....In..... Carman .....

Cons. No.	Name	Address	Goods	Salesman	Slip No.	To Pay £ s d	Received in Good Condition by	Carman's Remarks re Damage or Non-delivery

If the goods correspond with the requisitions, the packer O.K.'s the slip, packs and labels the goods, and forwards them to the Despatch Room. Here the name and address, assistant's number, amount to pay, and carman's instructions are typewritten on the carman's Delivery Sheet in duplicate, one copy being retained as a record. The most suitable machine for this purpose is the Underwood Brief Visible Typewriter, which a packing clerk can learn to operate in a week. The carman is thus provided with a legibly written Delivery Sheet, which is invaluable at all times, particularly when delivering on a dark or wet night. He can easily pick out names that duplicate, and there is no question as to the amount (if any) to be paid by the customer, to whom is handed a clear businesslike Delivery Sheet to sign for the safe receipt of the parcel.

HOUSE PARCELS.

Most drapery establishments have some kind of regulations about their salespeople buying goods from them. Some firms adhere strictly to the rule that goods may be supplied to employees for their own personal use only, whilst other houses seem to have no recognised rule at all; and every house has apparently different regulations as to price—cost price; cost plus a percentage for handling; selling price; and selling price less a special discount—all coming within the category of house parcels charges. Whatever the regulations may be, if the price charged is under selling price track should be kept of same in a special book, as a loss of profit on house parcels will affect monthly estimates of stock, and will also explain a portion of any falling-off in realised profit at the year's end, whilst a periodical scrutiny of such a book by the manager or proprietor will tend to prevent any abuse of a too often abused concession. The plan should be to pass all house parcels to a special cash desk, where they can be had at close of business on payment of the amount, the receipt being the voucher for passing the goods out.

Where credit is allowed, and weekly settlements at salary time are required, the following form of Ledger will be found very convenient:—

EMPLOYEES' PURCHASES, Week ending.....

Name	Mon. 7	Tues. 8	Wed. 9	Thurs. 10	Fri. 11	Sat. 12	Total	Receipt No.	Amount Paid
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d		£ s d

The charge duplicates will first of all be sorted up alphabetically each day, and subsequent purchases by the same employee extended out on the same line in the proper Day column, and new accounts opened for new names. A total will be made at the foot for each day's entries, and a cross total made at the week's end, which should balance with total of Totals column. Cash will, of course, come *viâ* the credit sales cash clerk.

CHAPTER VI.

SALES LEDGERS.

THE Sales Ledgers in use in the drapery trade comprise: —

Ordinary Bound Ledgers.

Loose-leaf Ledgers.

Card Ledgers.

Some of the largest firms still maintain the use of the ordinary bound book, whilst others use Loose-leaf Ledgers, and others again Card Ledgers. The relative merits of these different forms of Ledgers depend on their adaptability to the circumstances and organisation of particular businesses; no general rule can be laid down which would be of universal application. Each kind has its uses and its limitations; but whilst the decision as to the best form to adopt must be left to each individual business, reference to all three must of necessity be made here.

ORDINARY BOUND LEDGER.

This book, with its General Ledger ruling, is known to everyone, whilst the practice has been very generally adopted of having a proportion of the pages ruled for three accounts on a page, some for two, and the remainder for one.

In a small establishment one Ledger for Sales (or Customers') Accounts would probably be sufficient; but in large concerns the Ledgers are divided up, sometimes into alphabetical divisions, sometimes into geographical, and yet again into both. Each Ledger is separately balanced, and generally the Day

Books and Cash Books follow the Ledger divisions, except in some instances where the Sales Journals and Cash Book rulings embody columns for Ledger dissection, which latter is very usual where loose-leaf Cash Books are employed.

The debits to the accounts are, of course, from the Day Books and the credits from the Returns and Cash Books; the posting being done daily, and the Ledger balanced monthly either by extraction of balances or by the separate agreement of the totals of Sales, Returns, and Cash with those of their respective books.

In the case of the extraction of balances, the aggregate should agree with the difference shown in the Sales Ledger Balance Account as follows: —

	£ s d		£ s d
Balances forward..		Returns for month..	
Sales for month ..		Cash „ „ ..	
		Balances at date ..	
	£		£

Where Journal entries have to be made, these must, of course, also be brought into the Balance Account.

LOOSE LEAF LEDGERS.

"No improvement since the introduction of double-entry bookkeeping has been of such importance as that of the loose-leaf system in accounting books." The great feature of this improvement, from the writer's point of view, is its expansibility; no matter what the expansion of the business may be, the Loose-leaf Ledger system accommodates itself instantly. The writer recently has had to personally grapple with a business expansion from three Sales Ledgers to twenty-four within the short space of eighteen months, a task which would have been almost impossible but for the facilities which the loose-leaf system afforded.

In addition to expansibility there are the advantages to be derived from the facilities afforded for

(*a*) Re-classification of accounts at any time,

(*b*) Automatic spacing and indexing of accounts,

(*c*) The elimination of closed and dead matter,

resulting in much saving of time in posting, rendering of accounts, and extraction of balances.

Of drawbacks there are practically none, although the imagination may suggest to the over-cautious the thought that it is easier to manipulate Loose-leaf Ledgers than a bound book; but in practice such is not found to be the case, neither is there the liability of loss of leaves that those unfamiliar with Loose-leaf Ledgers would suppose.

The rulings for Ledger pages are as varied as the demands of different businesses, and may be made up in any desired style, from the old style debit and credit to the newer forms now generally current.

Three rulings are shown, each in use in large drapery houses, but columns may be introduced according to requirements. For instance, Terms, Due Date, Requisition Number, Salesman, &c. These, too, may be varied from time to time, bringing the ruling up to the latest necessities of a business.

The first ruling is an ordinary debit and credit ruling, the second is provided with a Balance column, whilst the third has a wide "Particulars" column suitable for a Detail Ledger.

For a Detail Ledger the particulars are generally written up direct from the slips, after they have been sorted up and totalled in the Dissecting Office, and without the intermediary of a Day Book. This method gives the advantage of all detail being to hand for the making out of accounts with a simplification of work and a minimum of labour.

Sheet No..... Account No.....

Name.....

Address.....

Bankers..... Credit Limit.....

FIRST RULING.

Dr.						*Cr.*		
			£	s	d		£	s	d

SECOND RULING.—Heading same as above.

Date	Particulars	Fo.	Debit			Credit			Balance			Date	Particulars	Fo.	Debit			Credit			Balance		
			£	s	d	£	s	d	£	s	d				£	s	d	£	s	d	£	s	d

THIRD RULING.—Heading same as above.

Dr.										*Cr.*									
Date	Salesman	Slip No.	Details	Folio	Items			Amount			Date	Particulars	Folio	Amount					
					£	s	d	£	s	d				£	s	d			

The system of indexing is a matter which requires careful thought and settlement on the installation of a loose-leaf system, as well as the co-ordination of all subsidiary work, as on these two points hinge much of the usefulness to be derived from its adoption.

CARD LEDGERS.

The advantages claimed for Card Ledgers over ordinary bound books are similar to those urged in favour of Loose-leaf Ledgers. The writer's experience, however, inclines him to think that their limitations are more definite, and that their usefulness is best exemplified in the case of a business with a large number of petty accounts, large and regular accounts being better handled by Loose-leaf Ledgers. It should, nevertheless, be mentioned that Card Ledgers are successfully used in both wholesale and retail drapery houses.

Like much else in modern system devices, the benefits to be derived from the use of Card Ledgers will not be fully attained unless the work leading up thereto is properly organised. It is essential, therefore, that the preliminary records, both debit and credit, should be lined up on the basis of the Ledger classification. In an establishment known to the writer a bookkeeper and a boy keep a Card Ledger of 10,000 accounts, the boy taking the subsidiary records, extracting the cards from the file in the order of the records, and arranging everything for the bookkeeper, replacing the cards as soon as the posting or calling back is finished.

As the posting is done, the cards should be stacked on the desk or table in the same order as the slips or entries; it is a simple matter then, when the posting is through, to exchange books or slips and cards and call over from the cards.

Illustrations of three card rulings are given on similar lines to the loose-leaf rulings.

JONES, EVANS & CO. O.L.F.....A/c. No.....

Name.....

Address.....

Card No.....

Credit Limit.....

Date	Particulars	Ref.	Debit £ s d	Date	Particulars	Ref.	Credit £ s d

SECOND CARD.—Similar Heading to above.

Date	Item	Debit £ s d	Credit £ s d	Balance £ s d	Date	Item	Debit £ s d	Credit £ s d	Balance £ s d

THIRD CARD.—Similar Heading to above,

Date	Details	Salesman	Slip No.	Ref.	Debit £ s d	Date	Item	Ref.	Credit £ s d

By the use of a few different coloured cards, or of steel signals, a record of overdue accounts can be maintained with practically no additional clerical labour or duplication of work.

Different coloured cards can also be used to advantage for denoting the status of customers, thus showing at a glance to what extent credit may be allowed.

RENDERING AND PAYMENT OF ACCOUNTS.

Customers' accounts are usually made out either monthly or quarterly. The writing up of them depending much upon the system in vogue. Where the Itemised Monthly Account system prevails the account is written up concurrently with the Day Book, but where the other system of day booking is in use the writing up generally commences toward the end of the month or quarter.

After the accounts are made out it is usual to enter the particulars either in an Accounts Rendered Book or on a Card Index, whereby track of all accounts can be kept for the purpose of collections. The ruling of an Accounts Rendered Book, as also of a Card, are given. As applications are made, so the dates of same are inserted on card or on book, payments being marked off as they come to hand. Local accounts are generally got in by collectors, who carry Collecting Books, and obtain in these books the cashier's signature for all amounts paid over.

For accounts paid in the shop a separate cash desk should, wherever possible, exist, the advantage of this being that it keeps Cash Sales distinct and provides a recognised place for the receipt of accounts, besides avoiding the possibility of having to give any explanation respecting a disputed item before customers in the shop.

A printed form of receipt is invariably used now, and this is either in duplicate or counterfoil form, and the Cash Receipts

Book or Cash Book is written up from these and posted to the credit of the customer's account in the Sales Ledger.

A modern innovation in the drapery trade is the discarding of a separate Cash Book for the Sales Ledgers and the adoption of "Duplicate Receipt Books," from which the posting is made, these Receipt Books being totalled daily and the aggregate brought into the General or Private Cash Book. This plan is on the lines of the Receipt Books used in some of our municipal offices, and is worthy of wide adoption as being labour-saving and a curtailment of the possibilities of error in transcription.

Another method is a triplicate slip, by means of which a receipt is made out for the customer; an intimation is immediately given to the Ledger clerk of the payment of the account, and the particulars thereof, and a duplicate record is preserved as a cashier's record.

ACCOUNTS RENDERED BOOK.

Folio	Name	Address	Amount £ s d	Applications and Remarks	Amount £ s d	Applications and Remarks	Amount £ s d	Applications and Remarks

CHAPTER VII.

PURCHASES.

We now come to the Purchases side of the business, and start from what in some large establishments is termed the "Receiving Room."

In all establishments, be they great or small, proper records should be kept of all goods coming in and of all goods going out. This is absolutely essential to any accurate system of account-keeping. Most proprietors are very particular about the latter, whilst many are very lax with the former, but one is as essential as the other.

ORDERS.

In point of fact, it is desirable to go beyond this, and to have some record of orders placed to serve against duplication in buying, as a check upon the goods when they come to hand and as a record of commitments useful to consult at any time.

Orders can be written out either in "Manifold Order Books," or copy orders obtained from the seller, or particulars simply noted in a book to show—

Date	Ordered from	Particulars	Delivery Terms	Approximate value £ s d	When delivered	Invoice No. & Remarks

In small establishments the book could be subdivided according to department or class of goods. Thus, Velvets, Silks, Dress Materials, &c., could have separate sections. Such a book should be of considerable value in buying and keeping stock, though, of course, not essential to a system of accounts.

GOODS RECEIVED BOOK.

This book is kept in the "Receiving Room," through which room all goods should pass before going into stock. The weight of each parcel should be carefully checked on the "Bank," or outside Receiving Room, and particulars of all boxes, wrappers, boards, and cords noted on the Advice Note or Invoice, which should accompany all goods. The particulars of all goods inwards should be entered in the "Goods Received Book," which becomes the basis for the checking of all Purchase Invoices against the business. A ruling is shown on p. 98.

BOXES AND WRAPPERS.

Each box or wrapper should be marked by ticket or otherwise with the progressive number of the entry in the Goods Received Book. When any boxes, wrappers, &c., are ready to be returned, reference should be made by the progressive number to see whether they were invoiced; if so, a "Debit Note" must be made out, from a Debit Returns Book kept in the Forwarding, and sent to the firm to whom the box is returned; if it has not been charged, a simple Advice Form would suffice, this could be a "Manifold (Post-card) Advice Book."

PURCHASE INVOICE BOOK OR JOURNAL.

Invoices should invariably be addressed to the Counting-house, where they are immediately sorted out into alphabetical or Journal order, entered up, numbered, and passed down to the receiving clerk for checking and placing on buyers' files. If the goods are in order, the buyers pass the invoices

by initialling them and writing or stamping the name of their departments on them. They are then ready for collection by the Counting-house.

Some establishments require their buyers to mark off the counterfoils of their orders against the invoices, and to give a signature on the invoices that this has been done. This practice is a valuable check against a buyer obtaining goods without a properly given order.

On the return of the invoices to the Counting-house the figures are extended into the proper departmental columns. Before filing away the extensions and additions of the invoices should be checked, and any errors rectified by a Debit Advice Note. The invoices are generally filed in numerical order of entry in the Journal to facilitate quick reference; besides the Journal number they bear that of the entry in the Goods Received Book.

The entering of invoices in Journal immediately on their arrival ensures a record of every liability, whilst the filling in of the analysis columns on the return of the invoice to the Counting-house ensures a proper departmental apportionment.

The individual items in the "Amount of Invoice" column are, of course, posted to the respective accounts in the Purchases Ledger, the total of the Goods column (less Returns, &c.) going to Goods Account at the month's end, and the total of Boxes, &c., column, and of Carriage column, to their respective accounts at the same time. The dissection will go to a Departmental Summary similar to the Sales.

Of course, in establishments where the invoices are posted direct to the Ledger they will be previously stamped and numbered, and the folio will then be filled in when posted and the invoices passed down. On their return they will go to the Dissecting Department, where they will be analysed, and the departmental totals brought together in a Summary Book.

PURCHASES JOURNAL.

No.	Date	For'd Date	Name	Address	Invoice Amount £ s d	Ledger folio	Goods £ s d	Cases and Packing £ s d	Carriage £ s d	Departmental Analysis			
										Dresses £ s d	Drapery £ s d	Flannels, &c. £ s d

In small establishments the Purchases Book shown on p. 99 will be found to answer all requirements, but in large establishments the ruling given on p. 69 is usual.

In the case of the Purchases Book shown on p. 99, the Credit and Cash Purchases are combined to ensure both falling in the Departmental Dissection, and to comprise in one column the whole of the goods purchased, thus rendering an estimate of stock much easier than when several books have to be consulted.

A favourite plan of small drapers is to pass small casual purchases through the Cash Book as expenses. The objection to this is that sight is lost of them in calculating stock.

The individual items in the Purchases Book, with the exception of Cash items, will be posted to the credit of the respective accounts in the "Purchases Ledger." Cash items will be posted to the credit of "Cash Purchases Account," and balanced by similar items or totals from the Cash Book; and the totals of Goods, Boxes, &c., Carriage, and other columns, will be posted to the debit of the respective accounts in the Private Ledger.

DATING FORWARD.

A feature of the drapery trade is the system of "dating forward" purchases—as, for instance, goods bought for February delivery will often be dated two or three months ahead. This is a risky feature of any system of credit trading, inasmuch as it often leads a trader to overbuy himself in the hope of having a good season's trading; whilst, if he is successful in selling, he, of course, has the benefit of turning his stock over before it is due for payment.

Some wholesale houses, however, limit their dating to season parcels, whilst others arrange their system of discounts to encourage prompt settlements. The general rule is goods bought, say, from February 20th to March 19th, due for payment less 2½ per cent., May 10th; or if dated, say, "as May," due for payment less 2½ per cent., July 10th; where dating is not taken

or allowed, the terms are generally 1st to 31st due 10th following for 3½ per cent. or 3¾ per cent.

Some houses require weekly settlements for prompt terms; whilst some drapers are able to obtain special concessions—for desired weekly settlements on their part—in the shape of allowance of interest at 5 per cent. for the number of days between the date of settlement and that when due for settlement.

In large houses careful touch must be kept with all dated invoices, so that none may be inadvertently or otherwise kept back, especially at stocktaking time, as, if these are not included in the Purchases Account for the year, the profits of the period become unduly inflated and the liabilities incorrectly stated. It must be distinctly understood that in a departmental business the benefit of dating forward is purely financial, and that the debit to stock must be taken as soon as the goods are received.

It will be noticed a separate column is provided in the Purchases Book and in the Ledger for forward datings.

DEBIT RETURNS BOOK.

This is generally a Slip Book, or a Manifold Invoice Book printed on tinted paper to distinguish it. All entries of Purchases returned, claims for Shorts, Allowances, &c., should be passed through this book, and from it entered up into a "Returns and Allowances Book" (ordinary Day Book ruling, or Journal form with Dissection columns), the entries being posted to the debit of the Personal Accounts, totalled, dissected, and deducted from the totals of the Purchases Book. Of course, where direct posting from the slip is observed, the dissecting and deducting will be done in the Dissecting Department.

PURCHASE LEDGERS.

These may be of the bound book variety, loose-leaf, or card, the balance of advantage probably being with the loose-leaf; the ruling, however, would be the same, whichever be adopted,

BOUGHT LEDGER.

RYLANDS, LIMITED, MESSRS., MANCHESTER.

Dr.										Cr.									
Date	Dept. Advice No.	Particulars	Fol.	Cases and Packing	Forward Dating	Current Dating	Date	Invoice No.	Particulars	Fol.	Cases and Packing	Forward Dating	Current Dating	Date	Invoice No.	Particulars	Fol.	Cases and Packing	Forward Dating	Current Dating
				£ s d	£ s d	£ s d					£ s d	£ s d	£ s d					£ s d	£ s d	£ s d

the only variation to the ordinary Ledger ruling being the additional column for forward dating. This is desirable in order to give clearness to the accounts by leaving the items belonging to each month in a separate block of figures, the amount of the forward dating being carried down from month to month till it comes in the due month's column. This form of Ledger, though an improvement, is not the one generally used, the latter being the ordinary ruled Ledger.

SETTLEMENTS.

Statements of Accounts due are rendered by the wholesale houses every month. These should be carefully checked with the Ledger Account, and corrected in red if inaccurate, particulars being supplied to the wholesale house; payments should then be effected on the basis of such statements, which should be returned with the cheque, in order that the receipt may be given thereon.

Under no circumstances should an invoice be allowed to be receipted. The place for the invoice is on the invoice file, as the voucher for the entry in the Purchase Book; the place of the statement is on the receipt file, as voucher for the entry in the Cash Book.

It is usual to have a printed form of advice with which to send the cheque. At stocktaking time it is necessary to send post-cards out to the firms from whom purchases are made, requesting a special "Stocktaking Statement" up to and including, say, June 30th, if stock is taken on that day. These should also be checked with the Ledger Accounts; a list made of them and preserved for the auditors, who will require them as vouchers of the accuracy of the Purchases Ledger as a statement of indebtedness.

PURCHASES CASH BOOK.

A separate Cash Book will be required in many cases for the Purchases Ledger in which to enter all payments of accounts, which should be effected by cheque, the serial number of which might very well be adopted as the voucher number.

Date	Voucher No.	Name	Address	Ledger Folio.	Discount	Cheques	Cash	Total
					£ s d	£ s d	£ s d	£ s d

The totals of this book should at the month's end be taken into the General Cash Book of the business.

BALANCING OF PURCHASES LEDGER.

This will be effected at the end of the financial period by the extraction of the Ledger balances and the agreement of the total with the amount of the difference between—

	£		£
Cash paid for month		Balances forward	
Discounts received		Purchases for month	
Balances at date			
	£		£

GOODS ON APPRO.

The practice of wholesale houses with regard to goods on approbation is not altogether regular, some entering them on "Memo. Forms," whilst others debit and credit them as if they were ordinary sale and return transactions.

It is best for the draper to fall in with the practice of the wholesale houses and treat the goods in the same way as they do, passing the invoice as if it were really a purchase, where the wholesaler treats it as such, and debiting the goods when returned, at the same time, however, keeping a "Goods on Appro. Book."

In the case of Memo. Forms, it is always best, if the goods are kept, to advise the house and request a regular invoice in course.

A "Goods on Appro. Book" should be kept in each department in large establishments, though one for the entire shop would be sufficient in small concerns. Careful track should be kept of all appro. goods, and their early return secured if they are not needed. It is understood, of course, that all appro. goods will reach the departments *via* the Receiving Room, where they will be treated similarly to other goods.

DEPARTMENTAL TRANSFERS.

Transfers of stock from one department to another are recorded in detail in a book kept for the purpose by each department. These books are periodically checked and dissected, usually once a month, at the time of making up the Departmental Purchases for the month, the amounts being debited and credited through the Purchases Journal before the final monthly totals are posted to the Departmental Accounts.

GOODS ON APPRO. (INWARDS) BOOK.

Date & No. of Appro. Note	Goods Received Book Reference	Manufacturer	Particulars of Goods Received	To Customer		Returned Manufacturer. Debit Advice No.	Kept	Remarks
				Appro. Slip No.	Credit Appro. Slip		Date & No. of Invoice	

CHAPTER VIII.

EXPENSE ACCOUNTS.

THE practice with regard to Expense Accounts differs, like much else in the drapery world. Most houses run proper Expense Accounts, debiting them with all charges outside the trading, thus forming the Profit and Loss Account of the business, afterwards allocating the expenses on some settled basis to the debit of the departments in the Departmental Profit and Loss Accounts. Other establishments do not trouble about the latter accounts, either because the business is not sufficiently large for such detail, or because the management is sufficiently keen and active on the side of economy as not to require the elaboration.

There are, however, some houses where every possible direct departmental expense is charged in the Purchases against the department which incurs it, or for which it is incurred. This means that not only has the buyer to pay his expenses out of excess profit over the normal, but he has to make his normal on his expenses if the normal is to be maintained. Thus the three factors the management concern themselves with, so far as the departments are concerned, are stocks, turnover, and profits, all other expenses falling directly under the control of the management, and, where not a fixed annual charge, being subject to their constant supervision.

The particular house the writer has in mind is a very large establishment in the provinces, employing nearly five hundred people, quite two-thirds of whose wages are paid by way of premiums on sales and are charged as purchases against the

departments. Carriage, so far as the railways are concerned, is dealt with on the same basis, the Stables and Vans Account being a management matter, as also is Advertising, as well as Salaries outside premiums. Floor space and position are allotted on the basis of required turnover, Rent, Rates and Taxes, Insurances, Heating and Lighting thus becoming purely management matters.

Whatever the departmental treatment, it is obvious that records must be made of all transactions outside the trading. These will come from two sources—the Expenses Journal and the Cash Book.

For small establishments the ruling of the Purchases Journal can be extended, similar to the example on p. 99; but in large establishments a separate

EXPENSES JOURNAL

will be required, ruled to show the principal running Expense Accounts. This Journal will be entered up from the invoices as they are received, the amounts being extended out into the analytical columns as the invoices are returned "passed," the individual items being posted to the Personal Accounts in either the Bought or Expenses Ledger, and the monthly totals of the analysis columns to the debit of the respective Expense Accounts in the Nominal or Private Ledger.

Fixed charges—such as Rent, Rates and Taxes, &c.—should be debited to the Expense Accounts as they mature, and credited the parties concerned, either in separate Personal Accounts in the Private Ledger or in a "Fixed Charges Creditors' Accounts."

EXPENSES JOURNAL,

Invoice No.	Date	Name	Short Address	Fol.	Invoice Amount	Impersonal Accounts								Sundries	
						Packing	Carriage	Station-ery	Adver-tising	Stables	House Exp'ns.	Trade Charges	A/c to be Ch'gd.	Amount	
					£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d		£ s d	

ANOTHER FORM OF EXPENSES JOURNAL, for use with a separate Expenses Dissection Book, and where Expenses are charged out Departmentally.

Invoice No.	Date	Name	Short Address	Fol.	Invoice Amount	Ledger Dissection				Impersonal A/c		Departmental A/c		
						A—E	F—K	L—R	S—Z	To be Chgd.	Amount	To be Chgd.	Amount	
					£ s d	£ s d	£ s d	£ s d	£ s d		£ s d		£ s d	

PETTY CASH.

Disbursements for petty expenses are usually made by the petty cashier, the items as a rule being small, consisting of Postages, Carriage, Telegrams, and other miscellaneous petty expenses, met on presentation of properly signed vouchers. These latter are entered in the Particulars and Amount columns, and extended out into the Analysis columns of the Petty Cash Book, which at the end of each day or month are incorporated by totals in the General Cash Book, except where the "Imprest System" is followed, when the necessary particulars are taken from the counterfoil of the cheque drawn to restore the cashier's balance.

DEPARTMENTAL ALLOCATION.

Where Departmental Accounts are elaborated, and all expenses are in some form or other charged against departments, it becomes necessary to provide suitable machinery for this purpose. It will therefore be best to review the items to be covered.

Salaries and Wages.—These are usually made up in the Cashier's Office from the Salaries and Wages Book, written up in the Accountant's Office, or by the cashier himself, and countersigned by a manager. The ruling shown is used by a large firm, and provides for both weekly and monthly salaries. It is, however, equally applicable to small establishments. The names are written up every three months, when the weekly and monthly totals are ascertained, subsequent weeks' totals being quickly arrived at by taking into account the staff fluctuations. The individual monthly totals are filled out at the end of the month and checked against the amount charged to Salaries and Wages Account from the Cash Book.

PETTY CASH BOOK.

Date	Particulars	Received	Date	Particulars	Paid	Voucher No.	Analysis													
							Postages		T'l'gr'ms		Carriage		Tr'velling		House Expenses		Trade		Sundries	
		£ s d			£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d	

If kept on a loose-leaf binder, with separate sheets for each department and indexed departmentally, the respective departmental totals are readily obtainable. Absentees and late arrivals become under this system subjects for managerial review, and are outside the record, so far as payment of wages is concerned.

Another plan is to have a number of books, one for each department or section, with an Index of Names at the commencement of the book, and Attendance Registers and tear-off Wages Sheets. The Attendance Register is made up in the Accountant's Office by the wages clerk, the Wages Sheet being filled in by the departmental chief, checked in the Accountant's Office, and passed into the cashiers for making up of wages. It will be noticed that numbers are used instead of names, this is to ensure privacy. No receipts are taken under this system. The Departmental Totals have to be summarised, and should then agree with Cash as per Nominal or Private Ledger Cash Book.

Premiums are paid generally on specific articles which it is desired either to push or clear. The usual practice is for the salesman to detach the price ticket, sign his name and slip number across it, hand over to his buyer, who makes the premiums up weekly and passes into the Counting-house with a list. The list is checked with the summaries in the Dissecting Office and payments made. Where payment is made on values it is clearly more in the nature of commission than premium, and is more easily settled and checked from the Salesman's Dissection Book.

Rent, Rates, and Taxes are usually proportioned out against each department according to floor space occupied, which should not only be considered as costing so much in rent, but as worth so much in turnover, according to position, the failure to realise which should be considered

SALARIES AND WAGES BOOK.

No.	Name	Position	Salary		Week ending.....				Total No of Weeks	Monthly Amounts and Totals	
			Per annum	Weekly or Monthly Rate	..	..	..	..		£ s d	
1	Jones, J. C.	Sales Ledger Clerk ..	£156	£13 month	..	..	..	..	..	13 0 0	Ruling can be extended to comprise 3 months, and/or short leaves can be introduced to run for longer periods.
2	Brown, T. B.	Bought Ledger Clerk	£130	50/- weekly	✓	✓	✓	✓	5	12 10 0	
3	White, W. J.	Bought Journal Clerk	£104	40/- "	✓	✓	✓	✓	5	10 0 0	
4											
&c.	*Et seq.*										

a serious matter for the department. A Rent and Rate Schedule should be prepared, and the Departmental Account charged up therefrom.

Lighting and Heating are best proportioned out on a rateable basis, the rate being that which the total charge for lighting and heating is of the total rent. This might be an addendum to the Rent and Rate Schedule, as also might

Insurances, which are best charged out on stock and rental values, burglary and guarantee insurance being lumped in with insurance on stock.

Advertising is charged out according to space occupied, which means that every invoice for newspaper space, for catalogue, circular, &c., has to be analysed out. For this purpose an Advertising Charge-out Book is sometimes kept, and departments are charged out therefrom.

Packing, Carriage, and Stables are usually charged out *pro rata* on sales, some houses attempting a discrimination on the basis of values and space. *Stationery* is generally treated on similar lines, as also is *Trade and House Charges*. For these a *Pro Rata* Charge Schedule must be compiled.

Housekeeping—that is, the cost of boarding the staff—is generally included in the control of the restaurant, and whilst the latter takes the debit, credit is given at so much per head per week.

Discounts on Purchases are claimed by the Counting-house in lieu of charging departments with interest on the capital they employ, and as a set-off against clerical charges, but the amount is limited to cash discounts, all strictly departmental discounts being deducted from invoices before they are entered and passed. *Discounts allowed Customers* are charged against this account, and the net amount of the account credited or debited trading.

SALARIES AND WAGES BOOK.

INDEX OF NAMES AT FRONT OF BOOK.

No.	Names	Date of Entry	Date of Leaving
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

ATTENDANCE REGISTER.

Dept...... *No.*.....

WAGES SHEET

For Week ending.....

Asst.'s No.	Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Days Absent	Mins. Late
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									

Asst.'s No.	Wages £ s d	Deductions £ s d	Net Amount £ s d
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Patterns are a necessity to all drapery businesses nowadays, especially to postal businesses, and form a considerable item in the expenses of working them. The book-keeping aspect, however, is strictly limited to the keeping of an account of the quantity and cost price of the stuff used. For this purpose an ordinary rough book will do, the entries in which should be made at the time the stuff is cut off the piece, totalled at the end of the month, added to net sales to get at estimated net stock, and summarised for the year; at the end of which period it should be treated as an Expense Account and posted as an Impersonal Account in the Private Ledger and also in the Departmental Yearly Account.

STOCKTAKING.

At stocktaking time care must be taken to see that all charges are included which should properly come against the period, any proportion of charges already paid belonging to the subsequent period being credited and brought down to the debit of the following. Similarly with respect to sums receivable in the period but not paid over—such as Rents Receivable, Interest on Investments, &c.—these should be credited to the period to which they belong and debited against the next.

Stock must be taken at its lowest value—that is to say, if it is depreciated in any way, either by being an essentially past season's style, and therefore not good stock for a subsequent season, or old stock, shop-soiled, &c., it must be fearlessly written down All really saleable stock being taken at cost; on no account must the value of stock be appreciated. Anticipation of profits only spells disaster. Moreover, depreciated stock should be cleared as speedily as possible. The first loss is always the least. This is the great principle underlying that much-abused institution, the summer or winter sale.

ADVERTISING CHARGE OUT BOOK.

Date, No. and Initials of Invoice	Amount of Invoice	Nature of Publicity	Departments to be Charged											
			Draperies		Prints		Dresses		Silks		Blouses			
			Space or Quantity	Amount	Space or Quantity	Amount	Space or Quantity	Amount	Space or Quantity	Amount	Space or Quantity	Amount		
	£ s d			£ s d		£ s d		£ s d		£ s d		£ s d		
30/7/08 308 H.W.& V.	136 5 6	10 M. Roy. 16mo. Blouse Circulars	..	..	..	..	..	..	..	..	10 M.	136 5 6		
30/7/08 311 A.P.Ltd.	300 0 0	1 p. D. M., all Departments 4 cols. ..	¼ p.	50 0 0	¼ p.	50 0 0	¼ p.	75 0 0	¼ p.	75 0 0	¼ p.	50 0 0		

When profits are good, too, liberal provision should be made for a rainy day, in the shape of reserves for development and other purposes, upon which expert accountancy advice should always be taken. Adequate amounts should also be written off wasting assets. These are points which come up in connection with the inevitable audit of the accounts.

CHAPTER IX.

CASH AND PRO FORMA SET OF ACCOUNTS.

THE recording of Cash has been already dealt with in the main in connection with Cash Sales and payment of Customers' Accounts, as well as in connection with the Bought Ledger and Expenses. These records, however, will require focussing into the General or Private Cash Book of the business, besides which there will doubtless be many entries, outside the sections referred to, which must be entered direct into the latter book.

The most useful form of book is the three column Cash Book—one column for Discounts, one for Office, one for Bank; but to ensure the smooth working of such a book it must be an inflexible rule that all cash received is banked, and all payments other than petty cash are by cheque. This practice avoids confusion in the cash, minimises temptation to the staff, and provides a valuable index, in the shape of the Bank Pass Book, to the turnover of a business, should other records be lost or be incomplete.

Receipts will be entered in Receipts column from their several sources, and the total as banked extended out into the Bank column. Payments will be entered similarly from their sources in the Payments column, and extended out into the *Cr.* Bank column; the difference between the two Bank columns will show available bank balance at any moment.

At the end of the month, if the entries are numerous, an analysis of each side of the book could be made, according to

the heading of the account under which the item falls. The summary of this analysis should be written at the end of the month's entries, and from it the impersonal posting should be done. The totals of the two Discounts columns will be separately posted, one to the debit, the other to the credit of Discounts Account.

Private Ledger –

The Private Ledger will contain the Capital, Property, Stock, Trading, and Profit and Loss Accounts, the posting up of which has already been incidentally treated, and the construction of which can be more fully gathered from a careful perusal of the examples given.

PRIVATE OR GENERAL CASH BOOK.

Dr. *Cr.*

Date	Particulars of Cash Received	Fol.	Discounts Allowed	Office Cash Received*	Bank *Dr.* Daily Banking	Date	Voucher No.	Particulars of Payments	Fol.	Discounts Received	Office Cheques Paid*	Bank *Cr.* Daily Drawings

*These two columns could be balanced by bringing to credit amount of all bankings and to debit amount of all withdrawals.

I CASH RECEIPTS BOOK. I

Received for Credit Sales					Counter Book Totals	Departmental Dissection					
Date	Name	Folio	Discount	Net Cash	No.	Amount	Silks	Dresses	Prints	Drapery	Fancy	Outfitting
1904			£ s d	£ s d		£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
Mar. 1	Lamb, Mrs., Devonshire Street ..	21	..	3 12 6	1	3 16 8	0 16 8	1 3 4	0 9 4	0 17 8	0 1 11½	0 5 11
"	Platt, Miss, Brunswick Road ..	21	..	2 16 6	2	7 5 4	1 13 4	0 17 6	0 8 11	0 6 11	0 5 6	0 7 6
"	Barnett, Mrs., Albany Road ..	21	..	5 2 6	3	5 18 0	1 10 0	0 5 11	0 10 5	0 5 9	0 2 11	0 2 11
"	Griffiths, Miss, Llewellyn Avenue	21	..	0 4 0	4	3 15 7	0 9 6	1 8 0	0 7 4	1 1 4	0 1 11½	0 3 4
"	Randall, Miss, Cavendish Crescent	21	..	9 10 9	5	1 11 6	0 3 4	0 8 3	0 6 5	0 14 9	0 7 3	0 2 11
			..	..	6	2 10 0	1 0 6	4 7 0	0 14 3	0 9 2	0 3 6	1 0 3
			..	..	7	0 12 11					0 2 11	0 4 6
											0 11 9	0 4 11
	Mar. 1, Total £46 16s. 3d. ..	P.C.B										0 4 5
Mar. 2	Thursby, Mrs., Hardy Lane ..	1	..	21 6 3		25 10 0	5 13 4	8 10 0	2 16 8	3 15 7	1 17 9	2 16 8
"	Keene, Miss, Palatine Road ..											
"	Foster, Mrs., Cavendish Crescent											
	Et seq.											
Mar. 3 *et seq.* to 31	(Items to be filled in)	11	..	34 2 6		586 10 0	130 6 8	195 10 0	65 3 4	86 17 9	43 8 11	65 3 4
				£55 8 9		£612 0 0	£136 0 0	£204 0 0	£68 0 0	£90 13 4	£45 6 8	£68 0 0
						P.L. 10						

3 SALES JOURNAL. 3

Date	Invoice No.	Customer	Fo.	Amount	Departmental Dissection					
					Silks	Dresses	Prints	Drapery	Fancy	Outfitting
1904				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
Mar. 1	101	Shirley, Mrs., Llewellyn Avenue ..	10	2 4 9	0 19 11	0 7 4	..	0 17 6		
"	2	Musker, Mrs., Devonshire Street..	6	1 12 10	..	1 0 5	0 4 3	..	..	0 8 2
"	3	Edwards, Miss, Keppel Road ..	3	1 2 11	..	0 15 7	0 7 4			
"	4	Randall, Mr. H., Cavendish Crescent	8	0 5 6	..	..	..	..	0 5 6	
"	5	Rowson, Miss, Hardy Lane.. ..	9	0 18 9	..	0 15 2	0 3 7			
"	6	Bibby, Mr. F., Albany Road ..	1	0 7 6	..	..	..	..	0 7 6	
"	7	Foster, Mrs., Cavendish Crescent..	4	1 3 6	0 5 4	..	..	0 16 3	0 1 11	
"	8	Platt, Miss, Brunswick Road ..	7	1 18 10	..	1 11 6	0 7 4			
"	9	King, Mrs. H., Palatine Road ..	5	0 4 11	..	..	..	..	..	0 4 11
"	110	Coranda, Mme., Wilmot Crescent..	2	3 10 6	1 9 9	..	..	0 17 6	0 6 4	0 16 11
		Mar. 1 Total, £13 10s. 0d.	✓	13 10 0	2 15 0	4 10 0	1 2 6	2 11 3	1 1 3	1 10 0
Mar. 2										
Mar. 3		Items to be filled in	11	394 10 0	87 18 0	131 9 10	44 4 1	57 17 5	29 3 2	43 17 6
				408 0 0	90 13 0	135 19 10	45 6 7	60 8 8	30 4 5	45 7 6
et seq.		*Less* Returned Sales	1	7 17 4	1 11 10	2 2 0	0 11 9	1 6 11	0 11 3	1 13 7
				£400 2 8	£89 1 2	£133 17 10	£44 14 10	£59 1 9	£29 13 2	£43 13 11
				P.L. 10						

SALES RETURNED BOOK. 1

Date	C.R. Invoice No.	Customer	Fo.	Amount	Departmental Dissection: Silks	Dresses	Prints	Drapery	Fancy	Outfitting
				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
1904 Mar. 3	11	Coranda, Mme., Wilmot Crescent..	2	0 6 11	..	..	..	..	..	0 6 11
"	12	Bibby, Mr. H., Albany Road ..	1	0 3 9	..	..	..	..	0 3 9	..
		Mar. 3 Total, 10s. 8d.	✓	0 10 8	..	..	..	..	0 3 9	0 6 11
Mar. 4		Items to be filled in	11	7 6 8	1 11 10	2 2 0	0 11 9	1 6 11	0 7 6	1 6 8
et seq.				£7 17 4	£1 11 10	£2 2 0	£0 11 9	£1 6 11	£0 11 3	£1 13 7
				✓	✓	✓	✓	✓	✓	✓
				S.J. 3						

SALES LEDGER

10 SHIRLEY, Mrs., Llewllyn Avenue. **10**

1904 Mar. 1	To Invoice No. 101	3	£ s d 2 4 9

6 MUSKER, Mrs., Devonshire Street. **6**

1904 Mar. 1	To Invoice No. 102	3	£ s d 1 12 10

3 EDWARDS, Miss, Keppel Road. **3**

1904 Mar. 1	To Invoice No. 103	3	£ s d 1 2 11

8 RANDALL, Mr. H., Cavendish Crescent. **8**

1904 Mar. 1	To Invoice No. 104	3	£ s d 0 5 6

9 ROWSON, Miss, Hardy Lane. **9**

1904 Mar. 1	To Invoice No. 105	3	£ s d 0 18 9

1 BIBBY, Mr. F., Albany Road. **1**

1904 Mar. 1	To Invoice No. 106	3	£ s d 0 7 6	1904 Mar. 31	By Return No. 12	1	£ s d 0 3 9
				"	Balance carried down	✓	0 3 9
			£0 7 6				£0 7 6
1904 April 1	To Balance brought down	✓	0 3 9				

4 FOSTER, Mrs.. Cavendish Crescent. **4**

1904			£ s d				
Mar. 1	To Invoice No. 107	3	1 3 6				

7 PLATT, Miss, Brunswick Road. **7**

1904			£ s d				
Mar. 1	To Invoice No. 108	3	1 18 10				

5 KING, Mrs. H., Palatine Road. **5**

1904			£ s d				
Mar. 1	To Invoice No. 109	3	0 4 11				

2 CORANDA, Mme., Wilmot Crescent. **2**

1904			£ s d	1904			£ s d
Mar. 1	To Invoice No. 110	3	3 10 6	Mar. 3	By Returns No. 11	1	0 6 11
				31	" Balance carried down	✓	3 3 7
			£3 10 6				£3 10 6
1904 April 1	To Balance brought down	✓	3 3 7				

11 *et. seq.* SUNDRY PERSONS. **11**

1904			£ s d	1904			£ s d
Mar. 1	To Invoice Nos...	3	394 10 0	Mar. 31	By Returns Nos...	1	7 6 8
				"	" Cash .. C.B.	"	34 2 6
				"	" Balance carried down	✓	353 0 10
		£	394 10 0			£	394 10 0
1904 April 1	To Balance brought down	✓	353 0 10				

21 OLD PROPRIETORS—CASH ACCOUNT. **21**

1904			£ s d	1904		C.B.	£ s d
Mar. 31	To Amount carried down	✓	21 6 3	Mar. 1	By Accounts received for old Proprietors:		
					Lamb, Devonshire Street..	1	3 12 6
					Platt, Brunswick Road ..	"	2 16 6
					Barnett, Albany Road	"	5 2 6
					Griffiths, Llewellyn Avenue	"	0 4 0
					Randall, Cavendish Crescent	"	9 10 9
			£21 6 3				£21 6 3
				1904 April 1	By Amount brought down	✓	21 6 3

SALES LEDGER BALANCES.

1904		£ s d	£ s d
April 1	Bibby	0 3 9	
2	Coranda	3 3 7	
3	Edwards	1 2 11	
4	Foster	1 3 6	
5	King	0 4 11	
6	Musker	1 12 10	
7	Platt	1 18 10	
8	Randall	0 5 6	
9	Rowson	0 18 9	
10	Shirley	2 4 9	
11	Sundry Persons	353 0 10	
21	Old Proprietors	..	21 6 3
		366 0 2	£21 6 3
	Less Credits	21 6 3	
		£344 13 11	

GOODS AND PACKAGES RECEIVED BOOK.

Prog. No.	Date Received	Date Invoiced	Invoice No.	From Whom	Contents	Weight T.	Weight C.	Weight Q.	Weight lbs.	Conveyance	To Pay Carriage	Wrappers, Boards, or Cords	Amount Charged	Boxes	Amount Charged	Returned Date	Returned Inv. No.
	1904	1904									£ s d		£ s d		£ s d	1904	
1	Mar. 3	Mar. 1	..	Barlow & Jones ..	Quilts ..												
2	"	"	..	Crocker, Sons & Co.	Linings ..	.	..	..	..	..	..	..	..	Case ..	0 4 3	Mar. 7	5
3	"	"	..	Cox & Edwards ..	Silks ..												
4	"	"	..	Cook, Sons & Co.	Materials	..	..	..	..	..	..	..	..	Case ..		10	6
				et seq.	*Either in detail or Summary form.												

PURCHASES INVOICES BOOK.

No.	Date	Forward Date	Name	Folio	Cash Purchases	Credit Purchases	Goods Account	Boxes, Wrappers, &c.	Carriage charged on Invoice	Expenses Account
	1904				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
1	Mar. 1	..	Barlow & Jones	1	..	1 10 8	1 10 8			
2	"	..	Crocker, Son & Co.	2	..	35 3 0	34 18 9	0 4 3		
3	"	..	Cox & Edwards	3	..	1 9 0	1 9 0			
4	"	as May	Cook, Son & Co.	4	..	18 14 9	18 14 9			
5	"	..	Dent, Allcroft & Co.	5	..	3 10 11	3 10 11			
6	"	as May	Howell & Co.	6	..	24 14 4	24 14 4			
7	"	..	Marlow & Co.	7	..	27 19 10	27 18 10	0 1 0		
8	"	..	Stuart, Sons & Co.	8	..	17 10 3	17 6 3	0 4 0		
9	"	..	Toothill, J. S., Printing	9	..	5 4 6	..	..	..	5 4 6
10	"	..	Marshall & Snelgrove	10	1 6 8	..	1 6 8			
11	"	..	Hayward's	10	0 15 6	..	0 15 6			
	2			11	..	751 13 7	737 10 1	2 14 6	0 1 6	11 7 6
	et seq.	..	Items to be filled in	10	5 4 3	..	5 4 3			
				✓	7 6 5	887 10 10	875 0 0	3 3 9	0 1 6	16 12 0
			Less Returns :— Items to be filled in	11	..	7 5 6	6 8 0	0 17 6		
					£7 6 5	£880 5 4	£868 12 0	£2 6 3	£0 1 6	£16 12 0
							P.L. 10	P.L. 29	P.L. 29	P.L. 31

PURCHASES LEDGER.

1 BARLOW & JONES, MESSRS., MANCHESTER. 1

		£ s d	1904			P.J.B.	£ s d	£ s d
			Mar. 1	..	By Invoice 1	1	1 10 8	

2 CROCKER, SON & CO., LIM., LONDON. 2

		£ s d	1904				£ s d	£ s d
			Mar. 1	..	By Invoice 2	1	35 3 0	

3 COX & EDWARDS, MESSRS., LONDON. 3

		£ s d	1904				£ s d	£ s d
			Mar. 1	..	By Invoice 3	1	1 9 0	

4 COOK, SON & CO., MESSRS., LONDON. 4

		£ s d	1904				£ s d	£ s d
			Mar. 1	as May	By Invoice 4	1	18 14 9	

5 DENT, ALLCROFT & CO., MESSRS., LONDON. 5

		£ s d	1904				£ s d	£ s d
			Mar. 1	..	By Invoice 5	1	3 10 11	

6 HOWELL & CO., J., MESSRS., LONDON. 6

		£ s d	1904				£ s d	£ s d
			Mar. 1	as May	By Invoice 6	1	24 14 4	

7 MARLOW & CO., MESSRS., LONDON. 7

		£ s d	1904				£ s d	£ s d
			Mar. 1	..	By Invoice 7	1	27 19 10	

8 STUART, SON & CO., MESSRS., LONDON. 8

			£ s d					£ s d	£ s d
				1904 Mar. 1	..	By Invoice 8	1	17 10 3	

9 TOOTHILL, MR. J. S., BRADFORD. 9

			£ s d					£ s d	£ s d
				1904 Mar. 1	..	By Invoice 9	1	5 4 6	

10 CASH PURCHASES. 10

			£ s d					£ s d	£ s d
1904 Mar. 1	To Cash C.B.	1	1 6 8	1904 Mar. 1	..	By Invoice 10	1	1 6 8	
"	" " "	"	0 15 6	"	..	" " 11	"	0 15 6	
31	" " "	"	5 4 3	31	..	" Sundry Invoices ..	"	5 4 3	
			£7 6 5					£7 6 5	

11 SUNDRY ACCOUNTS. 11

			£ s d					£ s d	£ s d
1904 Mar. 1-31	To Returns	1	7 5 6	1904 Mar. 2-31	..	By Sundry Invoices ..	1	751 13 7	
"	" Balances carried down	√	744 8 1						
			£751 13 7					£751 13 7	
				1904 April 1	..	By Balances brought down	√	744 8 1	

PURCHASES LEDGER BALANCES.

			£ s d
1904 April 1	1	Barlow & Jones	1 10 8
"	2	Crocker, Son & Co.	35 3 0
"	3	Cox & Edwards	1 9 0
"	4	Cook, Son & Co.	18 14 9
"	5	Dent, Allcroft & Co.	3 10 11
"	6	Howell & Co., J.	24 14 4
"	7	Marlow & Co.	27 19 10
"	8	Stuart, Son & Co.	17 10 3
"	9	Toothill, J. S.	5 4 6
"	11	Sundry Accounts	744 8 1
			£880 5 4

PRIVATE CASH BOOK.

1 — MARCH 1901. — 1

			Discount	Cash	Bank				Discount	Cash	Bank
1904		P.L.	£ s d	£ s d	£ s d	1904		P.L.	£ s d	£ s d	£ s d
Mar. 1	To Capital paid into Bank	2	..	..	3,500 0 0	Mar. 1	By Purchase Account, Cheque 7,500 ..	1	..	..	5,500 0 0
"	" Loan from Bank..	3	..	..	2,500 0 0	"	" Do. do. Bills ..	1	..	819 5 8	
"	" Bills Payable A/c:—	4				"	" Bank, as contra ..	√	..	46 16 3	
	3 months' Bill due June 4	√	..	404 0 0		"	" Cash Purchases ..	10	..	1 6 8	
	6 months' Bill due Sept. 4	√	..	415 5 8		"	" Do.	10	..	0 15 6	
"	" Receipts for Credit Sales as C.R.B. ..	1	..	21 6 3		3	" Petty Cash.. ..	√	..	..	5 0 0
"	" Cash Sales " ..	1	..	25 10 0		10	" Do.	√	..	..	5 0 0
"	" Bank, as contra ..	√	..	..	46 16 3	2-31	" Cash Purchases ..	10	..	5 4 3	
3	" Petty Cash.. ..	√	..	5 0 0		2-31	" Bank, as contra ..	√	..	620 12 6	
10	" Do.	√	..	5 0 0		31	" Salaries and Wages	21	..	..	26 10 0
2-31	" Receipts for Credit Sales as C.R.B. ..	1	..	34 2 6		"	" Lighting	27	..	..	3 12 0
"	" Cash Sales " ..	1	..	586 10 0		"	" Petty Cash :— Carriage	29	..	0 13 4	
"	" Bank, as contra ..	√	..	..	620 12 6		'Buses, &c. .	31	..	0 2 8	
							Sundries	31	..	0 5 6	
						"	" Interest on Mortgage	33	..	..	8 6 8
						"	" Bank Charges ..	33	..	..	0 7 6
						"	" Cash Balance ..	√	..	1 12 1	
						"	" Bank	√	..	..	1,118 12 7
				£1,496 14 5	£6,667 8 9					£1,496 14 5	£6,667 8 9
1904 April 1	To Balances brought down	√	..	1 12 1	1,118 12 7						

Above shows another form of keeping the Cash Book where the amount banked is entered in the *Cr.* Cash column and *Dr.* Bank column.

PRIVATE LEDGER.

2 — CAPITAL ACCOUNT. — 2

			£ s d				£ s d
1904 Mar. 31	To Amount carried down	√	3,730 7 3	1904 Mar. 1	By Cash	C.B. 1	3,500 0 0
				31	" Net Profit from Trading Account ..	35	230 7 3
		£	3,730 7 3				£3,730 7 3
				1904 April 1	By Amount brought down	√	3,730 7 3

3 — LONDON AND MANCHESTER BANK—LOAN ACCOUNT. — 3

							£ s d
				1904 Mar. 1	By Loan against Deeds at 4 per cent. per annum	1	2,500 0 0

4 — BILLS PAYABLE ACCOUNT. — 4

							£ s d
				1904 Mar. 1	By Bills Due, June 4	1	404 0 0
				"	Do. Sept. 4	4	415 5 8

5 FREEHOLD SITE AND PREMISES. 5

			£ s d				
1904 Mar. 1	To Purchase Price of Site and Premises situate at ——	P.L. 1	3,500 0 0				

6 FIXTURES AND FITTINGS. 6

			£ s d				£ s d
1904 Mar. 1	To Purchase Price, particulars as Inventory	P.L. 1	350 0 0	1904 Mar. 31	By Depreciation, 1 month at 10 per cent. per annum	P.L. 35	2 18 4
				"	" Balance carried down	√	347 1 8
			£350 0 0				£350 0 0
1904 April 1	To Balance brought down	√	347 1 8				

9 GOODWILL. 9

			£ s d				
1904 Mar. 1	To Purchase Price	P.L. 1	1,200 0 0				

10 GOODS ACCOUNT. 10

			£ s d				£ s d
1904 Feb. 1	To Stock on hand	P.L. 1	1,350 0 0	1904 Feb. 28	By Sales	P.L. 1	458 3 0
1-28	" Purchases	"	303 9 6	Mar. 31	" Credit Sales	S.J. 3	400 2 8
Mar. 1-31	" Do.	P.B. 1	868 12 0	"	" Cash Sales	CRB 1	612 0 0
"	" Gross Profit to Trading Account ..	35	366 2 2	"	" Stock on hand carried down	√	1,417 18 0
		£	2,888 3 8				£2,888 3 8
1904 April 1	To Stock on hand brought down	√	1,417 18 0				

21 SALARIES ACCOUNT. 21

			£ s d				£ s d
1904 Feb. 28	To Cash	P.L. 1	26 10 0	1904 Mar. 31	By Trading Account	P.L. 35	53 0 0
Mar. 31	" Do.	C.B. 1	26 10 0				
			£53 0 0				£53 0 0

25 RENT, RATES, AND TAXES. 25

			£ s d				£ s d
1904 Feb. 28	To Cash as Purchases Account	P.L. 1	25 0 0	1904 Mar. 31	By Trading Account	P.L. 35	25 0 0

27 LIGHTING ACCOUNT. 27

1904			£ s d	1904			£ s d
Feb. 28	To One month's proportion of Lighting ..	P.L. 1	3 12 0	Mar. 31	By Trading Account	P.L. 35	7 4 0
Mar. 31	„ Cash	C.B. 1	3 12 0				
			£7 4 0				£7 4 0

29 PACKING AND CARRIAGE. 29

1904			£ s d	1904			£ s d
Feb. 28	To Cash	P.L. 1	1 6 0	Mar. 31	By Trading Account	P.L. 35	4 7 1
Mar. 31	„ Charges	P.B. 1	2 6 3				
„	„ Do.	„	0 1 6				
„	„ Cash	C.B. 1	0 13 4				
			£4 7 1				£4 7 1

31 STATIONERY AND EXPENSES. 31

1904			£ s d	1904			£ s d
Feb. 28	To Cash	P.L. 1	1 5 6	Mar. 31	By Trading Account	P.L. 35	18 5 8
Mar. 31	„ Charges	P.B. 1	16 12 0				
„	„ Cash	C.B. 1	0 2 8				
„	„ Do.	„	0 5 6				
			£18 5 8				£18 5 8

33 INTEREST, DISCOUNTS, AND BANK CHARGES. 33

1904			£ s d	1904			£ s d
Feb. 28	To Interest on Purchase Money	P.L. 1	16 5 8	Mar. 31	By Trading Account	P.L. 35	24 19 10
Mar. 31	„ Do. Mortgage	C.B. 1	8 6 8				
„	„ Bank Charges	„ 1	0 7 6				
			£24 19 10				£24 19 10

35 TRADING ACCOUNT, from February 1st to March 31st 35

1904			£ s d	1904			£ s d
Mar. 31	To Rent, Rates, and Taxes	P.L. 25	25 0 0	Mar. 31	By Gross Profit from Goods Account ..	P.L. 10	366 2 2
„	„ Salaries	21	53 0 0				
„	„ Lighting	27	7 4 0				
„	„ Packages and Carriage	29	4 7 1				
„	„ Stationery and Sundries	31	18 5 8				
„	„ Interests and Discount	33	24 19 10				
			132 16 7				
„	„ Depreciation of Fixtures and Fittings	6	2 18 4				
			135 14 11				
„	„ *Net Profit* to Capital Account	2	230 7 3				
			£366 2 2				£366 2 2

TRIAL BALANCE, March 31st 1904.

	Dr. £ s d	Cr. £ s d
Sales Ledger Balances	344 13 11	
Purchases Ledger Balances	..	880 5 4
Cash Book Balances	1,120 4 8	
Capital Account	..	3,730 7 3
London and Manchester Bank	..	2,500 0 0
Bills Payable	..	819 5 8
Freehold Site and Premises	3,500 0 0	
Fixtures and Fittings	347 1 8	
Goodwill	1,200 0 0	
Goods	1,417 18 0	
	£7,925 18 3	£7,929 18 3

BALANCE SHEET as at March 31st 1904.

Liabilities.	£ s d	*Assets.*	£ s d
Sundry Trade Creditors	880 5 4	Cash at Bank and in hand	1,120 4 8
Bills Payable	819 5 8	Sundry Debtors	344 13 11
London and Manchester Bank—		Stock-in-Trade	1,417 18 0
Loan	2,500 0 0	Fixtures and Fittings	347 1 8
Capital	3,730 7 3	Freehold Site and Premises	3,500 0 0
		Goodwill	1,200 0 0
	£7,929 18 3		£7,929 18 3

The preceding accounts, though only for a month, will serve to convey some idea of the sequence of work, and the form in which it should be set out. The Sales Journal has been shown owing to the difficulty of illustrating a Manifold Invoice Book, but it must be understood that the Journal is only necessary where a number of Invoice Books are used, and not even then, as the posting may be done from the Invoice Books, and the dissection made therefrom direct into the Departmental Dissection Book.

Many interesting points present themselves, even in the above accounts; the most prominent, as will be seen from the Summaries and Abstracts given, being the falling away of profit in the Fancy Department for the month of March as compared with February, suggesting either the slaughtering of old glove stock, or the cutting down of prices in this department to induce general trade. General conclusions should always be sought for

in such summaries, and particular investigation instituted where required.

ESTIMATES OF STOCK ON HAND.

This is usually found by taking stock at stocktaking, adding thereto the amount of purchases during the period, and deducting therefrom the amount of the sales after having previously subtracted the average rate of gross profit. But there are other methods. One is to take stock at stocktaking time at both cost price and selling price, to charge purchases at both cost and selling, then from the total of the two amounts at selling deduct gross sales, and the value of stock at selling price is shown; deduct the percentages, which can readily be worked out from the comparison of stock and purchases at cost and selling, and the cost value of the stock is obtained as near as may be. The Purchases Journal in this case will require an additional column for the amounts at selling, or, where it is kept on the analytical plan, double columns for each sectional column.

The idea can be elaborated to the extent of recording sales at both cost and selling, though this is better applied to the wholesale owing to larger bulk. Here the Day Book should have an additional Money column, preferably placed on the extreme left of the page, for the cost value, though it may be placed on the right if it is ruled in, say, red, and divided by a purple line from the Selling Values column. By this means not only is actual gross profit determined, but also actual value of stock at cost and selling. Another, and perhaps a simpler, plan is to keep Stock and Purchases at cost, and record only Sales at the two prices—cost and selling. Of course, track should be kept of all "cuts" made in price, and the amount of these should be deducted with Sales from amount of Stock and Purchases to get at the true amount of Stock. For this purpose an "S. P. Book" (Special Prices Book) should be kept in every department, and brought statistically into account at least once a quarter.

DEPARTMENTAL DISSECTION.

PURCHASES						SALES					
Silks	Dresses	Prints	Drapery	Fancy	Outfitting	Silks	Dresses	Prints	Drapery	Fancy	Outfitting
£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
February											
Items to be	filled in					Items to be	filled in				
£57 13 2	£107 4 3	£36 11 2	£46 1 4	£28 11 3	£27 8 4	£98 11 0	£152 19 0	£50 8 0	£71 7 0	£40 15 0	£44 3 0
March											
Items to be	filled in					Items to be	filled in				
193 0 2	289 10 3	96 10 1	128 13 5	64 6 9	96 11 4	136 0 0 89 1 2	204 0 0 133 17 10	68 0 0 44 14 10	90 13 4 59 1 9	45 6 8 29 13 2	68 0 0 43 13 11
£193 0 2	£289 10 3	£96 10 1	£128 13 5	£64 6 9	£96 11 4	£225 1 2	£337 17 10	£112 14 10	£149 15 1	£74 19 10	£111 13 11

Purchases items can be either dissected direct in the Purchases Journal or daily in the Dissecting Room as already explained, the above book being used for the daily totals. The monthly total of this side should agree with debit side of Goods Account.

Sales Items will be taken by totals daily from the Cash Receipts Book, or from the Cash Receipts Book and Sales Journal where the credits sales are not shown in the former book. The monthly total of this side should agree with credit side of Goods Account.

SUMMARIES AND ABSTRACTS.

STOCK AND PURCHASES

	Stock	February	March*	Total	Profit	Rate per cent.
	£ s d	£ s d	£ s d	(2) £ s d	† £ s d	
Silks ..	290 0 0	57 13 2	193 0 2	540 13 4	98 0 6	30·29
Dresses ..	450 0 0	107 4 3	289 10 3	846 14 6	116 14 11	23·79
Prints ..	150 0 0	36 11 2	96 10 1	283 1 3	37 12 4	23·00
Drapery ..	210 0 0	46 1 4	128 13 5	384 14 9	46 8 5	20·99
Fancy ..	120 0 0	28 11 3	64 6 9	212 18 0	7 17 5	6·70
Outfitting	130 0 0	27 8 4	96 11 4	253 19 8	59 8 7	38·20
	£1,350 0 0	£303 9 6	£868 12 0	£2,522 1 6	£366 2 2	24·90

* And so on for the six or twelve months.

SALES

	February	March*	Total	Stock at March 31rst	Total
	£ s d	£ s d	£ s d	£ s d (1)	£ s d
Silks ..	98 11 0	225 1 2	323 12 2	315 1 8	638 13 10
Dresses ..	152 19 0	337 17 10	490 16 10	472 12 7	963 9 5
Prints ..	50 8 0	112 14 10	163 2 10	157 10 9	320 13 7
Drapery ..	71 7 0	149 15 1	221 2 1	210 1 1	431 3 2
Fancy ..	40 15 0	74 19 10	115 14 10	105 0 7	220 15 5
Outfitting	44 3 0	111 13 11	155 16 11	157 11 4	313 8 3
	£458 3 0	£1,012 2 8	£1,470 5 8	£1,417 18 0	£2,888 3 8

* And so on for the six or twelve months.

† This is the difference between (1) and (2).

As suggested above these Summaries and Abstracts can be ruled for either six or twelve months.

ANALYSIS OF TRADING

	Per cent. Gross Profit	Per cent. Turnover
Goods ..	..	75·10
Rents, Rates, and Taxes	6·83	1·70
Salaries ..	14·48	3·60
Lighting ..	1·96	·49
Packages & Carriage..	1·18	·29
Stationery & Sundries	5·09	1·27
Interest and Discount	3·41	·85
Depreciation	·81	·20
Net Profit ..	66·24	16·50
	100·00	100·00

COMPARATIVE TURNOVER

	Feb.	March		
Silks ..	20·87	20·21		
Dresses ..	33·33	34·12		
Prints ..	11·33	11·39		
Drapery ..	17·10	15·21		
Fancy ..	8·69	10·14		
Outfitting	8·68	8·93		
	100·00	100·00		

The following form, suitable for yearly comparisons, can be used either departmentally or for general business results:—

	1901		1902		1903		1904		1905	
	Dr.	*Cr.*	*Dr.*	*Cr.*	*Dr.*	*Cr.*	*Dr*	*Cr.*	*Dr.*	*Cr.*
Jan. 1—Stock ..	.									
1-31—Purchases..	.									
Sales ..		.								
Feb. 1-28—Purchases..	.									
Sales ..		.								
Mar. 1-31—Purchases..	.									
Sales ..		.								
April 1-30—Purchases .	.									
Sales ..		.								
May 1-31—Purchases..	.									
Sales ..		.								
June 1-30—Purchases..	.									
Sales ..		.								
Totals ..	.	.								
June 30—Stock ..		.								
	.	.								
Gross Profits ..	.									
Expenses :—										
Salaries and Wages..		.								
Rent, Rates, and Taxes		.								
Insurance		.								
Lighting		.								
Advertising		.								
Travelling		.								
Carriage		.								
Sundry—		.								
		.								
		.								
Total ..	.	.								
Net Profit ..		.								
	.	.								

SUMMARY LEDGER SYSTEM FOR SMALL BUSINESSES.

Where a business is not sufficiently large to justify the expense of a bookkeeper, a good plan for obtaining each day the amount of profit or loss in trade is to use the Summary Ledger. In this Ledger is entered the cost of each article sold, as well as the price at which it is sold. At the close of the day these two columns are added up, the total of expenses for the day is added to the cost of the goods, and the difference between this total and that of the Sales column shows the gain or loss for the day. Of course, it is first necessary to correctly proportion out the daily amount of each expense item, so that the result may at least be approximately correct.

The daily totals may be treated progressively, or they may be summarised separately. The result, however, at the end of the month or quarter should be as near as may be the same as shown by the Ledger and Cash Book, which must be kept to show Creditors' Accounts, Expenses, Stock, Property, Cash, and Profit and Loss Accounts. This record of goods sold can even be arranged for in connection with an automatic cash till, as all that is required is a paper ruled slightly differently to that usually in use.

DAILY SUMMARY LEDGER.

No.....

Date.....19....

Item	Cost	Sold for	Date	Goods Received	Amount	Date	Total Sales	Amount
	£ s d	£ s d	1904		£ s d	1904		£ s d
1 Coat	12 0	16 0	Jan. 10	Stock forward.. ..	316 0 0	Jan. 10	Sales forward	45 6 9
1 pair Shoes ..	8 0	10 0	"	Smith & Co.	5 4 0	"	Sales	4 3 6
1 pair Pants ..	3 6	4 6	"	Jones & Co.	2 0 0			
1 Shirt	3 6	4 6					EXPENSES	
1 Hat	5 0	6 6						£ s d
1 pair Suspenders	1 6	2 0					Salaries ..	8 0
1 Cap	1 6	2 6					Lighting ..	1 0
1 dozen Collars ..	3 6	5 0					Heating ..	2 0
Do. ..	4 0	6 0					Stamps and Sundries ..	2 0
1 Silk Handkerchief	2 0	3 6						13 0
1 pair Boots ..	8 0	10 6					*Add* forward..	2 17 0
Do. ..	8 6	12 6						£3 10 0
				Add—Expenses ..	317 4 0			
				Profit	3 10 0			
					6 6 6			
Expenses ..	3 1 0	4 3 6			327 0 6			
	0 13 0	3 14 0		*Less*—Sales ..	49 10 3			
		0 9 6						£49 10 3
Net Profit ..	..	5 17 0		Stock on hand ..	£277 10 3			
Add forward ..	..							
		£6 6 6						

Another form of Daily Summary Ledger for small businesses is that illustrated on the following page, where an opening is represented sufficient, perhaps, for three days or a week. It may be considered sufficient for the trading affairs of a small man, whose takings average about twenty pounds a week. The whole week's transactions are open before him, and may be taken in, so to speak, at a glance.

Purchase Accounts are, of course, better kept by the help of a Ledger, but if the amounts in the Goods Purchased column are ticked in red as they are paid, the trader will be able to tell at any time what accounts he is still owing; and by carrying forward each week's totals to the end of the month he obtains the sum of his monthly transactions, and these, totalled up at the twelvemonths' end, give him his year's business record, from which, with the value of stock on hand, a Balance Sheet may be constructed.

A comparison of the amount of gross profit with the combined total of business and personal disbursements will reveal whether the trader is going the right or the wrong way. To obtain a list of liabilities it is only necessary to add together the unticked purchases. In taking stock care must be observed to take it at such prices (cost or under) which will enable it to realise the average trading profit of the business when the stock is ultimately sold.

DAILY SUMMARY LEDGER.

Date	Cash Takings	Disbursements		Goods Purchased	Goods Returned	Goods Payments
		Business	Personal			
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
	1	2	3	4	5	6

The difference between the total of 1 and that of 2 and 3 would represent Cash Balance; the difference between 4 and 5 the net amount of Purchases from which, if 6 is deducted, the amount of indebtedness in respect of Purchases is shown.

CHAPTER X.

POSTAL OR MAIL ORDER WORK.

Postal work in connection with drapery establishments has within recent years received a great impetus consequent on the success attained by a few specially organised concerns, but in the majority of establishments it is, perhaps, restricted even now to regular customers having open accounts. Transactions in the latter case are mainly on credit and require "sanctioning" prior to execution, the remainder of the detail being much the same as when customers personally visit the establishment, with the exception, however, that the orders will possibly be entered in an "Orders Received Book" or a "Letters Received Book," just to keep track of them.

The scope of the work undergoes, however, a very wide development when it is desired to establish a purely postal business, or to graft such on an existing business, and even then the routine varies with the management.

One of the first questions that has to be determined is whether credit is to be given, because, if so, provision has to be made for the necessary booking; and the further question has to be settled whether this necessary booking is to be done in the Postal Department itself or in the Counting-house. There are innumerable other points of organisation attending the formation of a Postal Department, which, however, it does not concern us to touch upon now, as our province is more particularly connected with the accounts.

Post Orders, then, may be divided into "Cash Orders" and "No Cash Orders," and for each of these a separate book of record is needed, the former—the "Cash Order Book"—becoming the Cash Book of the Postal Department. The orders, with their amounts, should be entered as they are received, stamped with the date of their receipt, the number of the entry, and the amount of the cash accompanying the order, and passed out for execution according to the system in vogue at the particular establishment; at the close of the day the Cash Book is totalled up, agreed with the cash, and the latter turned over to the general cashier, who credits "Postal Cash Sales Account" with the total received.

The ruling of the "Cash Order Book" is as follows:—

DATE.....

No.	Name	Address	Amount received	Amount of Sales Slips	Date Orders filled
			£ s d	£ s d	

The duplicates from the Slip Books for all Post Orders are passed into the Postal Department cash desk, entered in Cash Order Book opposite the respective cash entry, totalled at the end of the day, and passed into the Dissecting Department, where a separate departmental dissection is made, the total agreed, and "Postal Cash Sales Account" debited, the difference between the two sides of this account at any time representing outstanding orders.

Should any Cash Order be priced out wrongly by the customer, or for some reason the goods in amount exceed that of the cash, a "Cash Transfer" is made out, and the daily total of these is debited "Postal Cash Sales Account" through the credit sales cashier, who will first of all have entered the individual amounts in the Cash Book, from which they will be posted to the credit of the several customers.

In the case of returned goods (Cash Sales) a "Returns Slip" will be made out, which will be treated in precisely the same way as a Returns Slip for goods returned not paid for; this on the principle that it is desirable to show the transactions in the books.

"No Cash Orders Book" will be ruled for Number, Name, Address, Amount of Order, and Date of filing; the idea being that it is simply a book of record, and that the keeping of the accounts of these Credit Sales is done in the Counting-house. If this be so, all payments of accounts will go to the Credit Sales Cash Desk, whilst the Postal Cash Desk will simply attend to Postal Cash Sales, and the method of making and posting the credit entries and return slips and cash payments will be precisely the same as previously outlined, according to the system in vogue.

A very useful form of Ledger, and one adopted by two or three very large postal firms is the one shown on p. 122, which provides a Balance column for stocktaking time; this because there is a great tendency among mail order customers to allow small balances to stand.

SUNDRIES ACCOUNTS LEDGER.

Dates	Name, &c.	D.B. Folio	Amount of Entry	Dates	Name	C.B. Folio	Amount of Credit	Stock-taking Balance
1904			£ s d				£ s d	£ s d
Jan. 1	Adams, Mrs. 36 Port Street, Stirling	5 185	3 7 6	Jan. 1	Adams ..	3 88	3 6 9	
31		9 67	5 2	31	"	5 n	5 0	
Feb. 15		10 17	4 7					
								* 5 6
Jan. 8	Alcock, Miss, 5 Adam Crest, Mallow	6 164	1 9 7	Jan. 8	Alcock ..	5 188	3 5 0	
10		9 7	1 14 0					
								† 1 7

* In black, because Debit balance. *June* 30, *Dr.* 3 11
† In red " Credit "

The specially ruled Index Ledger referred to on p. 32 is also peculiarly suitable for Mail Order work, especially if a Balance column as shown above is added.

Cash Balances Refunded, as apart from Cash Returns, should be made by the credit sales cashier, as the record of these has to be shown in the Ledgers. But Cash Returns—that is, the return of a remittance in full through an inability to fill an order—should be made by the postal cash clerk, and should be separately registered in a "Cash Returns Book," the daily total of which should be deducted from Cash Sales total before being handed over.

CASH RETURNS BOOK.

Date	No.	Name	Address	Order No.	Cheque No. or P.O.	Amount	Remarks
						£ s d	

The dissection and other work appertaining to a purely postal concern is so similar to that of any retail draper that what has been previously said will apply here also, and really requires no enlarging on; whilst Mail Order establishments, which make up or manufacture, will find their requirements in the shape of books and accounts so fully met in the chapter on Workrooms that it would be merely repetition to state the same here.

CHAPTER XI.

DRESSMAKERS', MILLINERS', AND WORKROOM ACCOUNTS.

DRESSMAKING presents almost as many phases as drapery itself, and almost as many problems. Perhaps this is inevitable owing to its affinity. There is the dressmaker who simply makes up customers' own materials; there is the dressmaker who would disdain doing so, and who not only dictates the style, but the material with which her customer is to be clothed; there is the drapery establishment which runs "dressmaking" as a more or less valuable adjunct to the Dress Department; and there are the postal dressmaking establishments, that make profit for their shareholders, and costumes and blouses and skirts for their customers. Each of these, however, is interested in keeping a proper record of cost and charge, so that they may see that their work is being carried on remuneratively. Cost is divisible into three classes—Materials, Labour, and General Expenses.

Materials.—

The first essential, therefore, is a recognised Stock-keeper, whether it be the principal or otherwise, and a Stock Room; the next is a system of record for materials coming in and materials going out. For this latter purpose the

Stock Book

shown on the following page is a useful example, and into it should be entered from the invoices particulars of all materials, &c., coming in, whether bought outright or bought on appro. The stock-keeper should give a Stock Number to each line.

STOCK BOOK.

Stock No.	Invoice No.	Length	Particulars	Per Yard	Invoiced Amount £ s d	Used				Returned			
								Total Yards	Amount £ s d	Date	Length	Debit Rns.Bk.	Amount £ s d
100						O/Nos..							
						Length							
101						O/Nos..							
						Length							
102						O/Nos..							
						Length							
&c.					(1)				(2)				

Above ruling is applicable to both materials bought outright (in which case the amount is filled in in the Invoiced Amount column) and to materials had on appro., the amount of which is, of course, not filled in, though the other particulars are inserted in the usual course.

These stock numbers should be progressive, and should be marked on the tickets attached to the materials, whether such materials be given a "selling" price by the dressmaker or not.

Material should never be supplied to the workroom without a *Work Room Docket*, signed by the principal or other recognised head, preferably not the head of the Work Room. This docket should give Order No., Stock No., Quantity Required. These particulars can be taken from the *Order Form*, and are entered into the Stock Book in the section provided.

When materials not had on appro. are returned, a proper Debit Note should be made out in the Manifold *Debit Returns Book*, and the necessary particulars filled in the "Returned" section of the Stock Book. The total amount of (1) column in the Stock Book for any period should agree with the total of the Purchases Invoice Book, and the total of (2) column for any period should agree with the total of Materials Used column in the Cost Book.

In small establishments the procedure may be simplified by abolishing the Stock Book and using the invoice, marking on it, whenever any material is supplied for a making-up order, the number of the order and length supplied, as O/25, 3½ yards; or the price ticket on the material could be used for the same purpose, and the particulars could be entered up therefrom into the Cost Book. The difference between the invoiced amount and the quantity marked on the invoice as used should, therefore, be the stock amount.

Departmental Pricing.—

In drapery establishments the Stock Room will, of course, be the Dress and other departments; Work Room Dockets will be used to obtain materials, and Charge Books, of which the following is an illustration, will also be used. In these the particulars of all goods supplied by each department will be entered. These

WORKROOM MATERIALS CHARGE BOOK.

Order No.	Nature of Order	Supplied by	Particulars	Price	Amounts	Totals
					£ s d	£ s d
				Debit Workroom Account	£	

Charge Books will be passed into the Counting-house at the end of every month, when the entries will be dissected or analysed, and the respective totals credited to the different departments as Sales, whilst the aggregate is debited the Dressmaking Department or Workroom as Materials supplied.

The point arises as to price to be charged as between department and department in the same house: the practice varies considerably, some houses invoicing at cost, others at ordinary retail, the average probably transferring at within 10 per cent. of cost price; but a consideration of the proper lines on which to carry a departmentalised business should lead to a juster treatment than this. Obviously the *modus in rebus* is to place the Dressmaking Department on the same basis as it stands with respect to outside houses—that is to say, that houses catering for dressmaking trade make a special price somewhere between piece price and retail price. This reserves to the Selling Department its legitimate profit, and establishes the independency and responsibility of the dressmaking to the general management. Of course, if stuff is transferred at or practically at cost the amount should rather be deducted from the purchases of the transferring department than credited as sales; because, if the latter be done, it considerably depreciates the rate of profit

on legitimate sales, and conveys a wrong impression as to the pricing and financial management of the department.

Labour.—

Labour is the second division of cost, and it is upon the proper employment of this that the success, and consequently profitableness, of workrooms depend. It is easy to get at the aggregate cost of labour, but not so easy to analyse it down to the garments produced. The charge for making is often an arbitrary figure, and not founded on any reliable data; in point of fact, it is sometimes in inverse ratio to the cost of the material. At the start of a concern, obviously the charge for making must be more or less a matter of guess, but after three or six months, or at any rate the first year, a basis should be obtained by analysis upon which to build the charges in the future. The charge for making should bear some relation to the actual cost of making, and this is a question of time engaged on a garment, and the rate of remuneration of those employed. To get at this it will be necessary to take for a period a record of the number of sleeve, bodice, or skirt hands employed, the total number of hours they are engaged in each class, and the number of garments they turn out; divide the time by the garments, and the average time per garment is the result. Then take the wages for each class, divide by the time, and the average per hour will be the answer; multiply the time per garment by the amount per hour, and the result is a figure which should form the basis for costing labour for each class of garment. As, for example, to take a case instanced by a writer in the *Drapers' Record*, where the wage bill for first and second hands, fourteen work-girls and eight apprentices, totalled £360 a year, and the average weekly output was twenty dresses a week (not a formidable total, by the way); the total hours per week for the twenty-four hands equals 1,296, which gives 64 4-5 hours per dress; the total wage per week is about £6 18s. 6d., which gives about 1¼d. per hour, which works out at 6s. 9d. per dress.

In the case of a mixed trade such a figure per dress would not be relatively fair as between a cheap or easily made dress, and a dear or elaborately trimmed dress. The only basis, then, is a time analysis, and for this purpose *Time Slips* become necessary; one of these should be attached to each order by the cutter, and should accompany it till it is packed for despatch, when it should be handed to the bookkeeper to price out. The Time Slips should provide spaces for time employed by Cutter, Fitter, Work Hands, &c., with name of same, and columns for Rates and Amounts. They should be filled up by everyone through whose hands they pass, and when priced out should be entered in the Cost Book, the total of the Labour column of which should be checked against the Labour Account in the Private or Nominal Ledger.

The figure obtained by the above method should be regarded as the maximum, and every effort should be made to increase the Work Room output and to decrease the cost. A continued analysis will, therefore, be necessary on the same lines, and side by side with this an account should be kept of the charge made for labour in the estimate given for each garment, and the total for any period. Such an account might be kept by an additional column in the Cost Book, then, with the Labour Account in the Private Ledger, a Periodical Statement of Labour could be drawn up, showing the actual cost thereof, the amount charged against garments, and the analysis of same. The Cost Book will be somewhat as follows:—

WORKROOM COST BOOK.

Order No.	Customer	Particulars	Cost of Production: Materials £ s d	Labour £ s d	Box and Packing £ s d	Total £ s d	Invoiced Amount £ s d	Gross Profit £ s d

In point of fact such a book could be made the basis for a test of the remunerativeness or otherwise of any dressmaking-room. Dressmaking losses can almost invariably be looked for in some discrepancy between the cost of and the charge for labour, and if this is carefully watched and the hands are kept wholly and fully employed, dressmaking should prove one of the most remunerative of businesses.

General Expenses.—

Obviously the cost of labour does not cover the whole of Work Room Charges. There will be Rent, Rates and Taxes, Lighting, Heating, &c., and to put these on a satisfactory footing it is necessary to tabulate them for a period, and then reduce the amount to a time and garment basis. Continuing the instance formerly quoted—

	£	s	d
Rent, Rates, and Taxes ..	30	0	0
Gas and Fires	15	0	0
Wear and Repair of Machines	10	0	0
Office Expenses, Patterns, and Sundries	20	0	0
Bad Debts	10	0	0
	£85	0	0

÷ 52 weeks ÷ 1296 hours per week
= cost per hour, which
× by hours per dress
= proportion of general expenses

to be added to the cost of materials and labour per dress; in this case it would work out at something like 1s. 4½d. per dress. The total of these amounts form a charge upon the total of the column headed Gross Profit in the Cost Book, and should be similarly analysed and scrutinised as in the case of Labour.

The three chief factors in pricing are thus got—

	£	s	d
Materials			
Labour			
General Expenses			
£			

to which must be added a percentage for Return upon capital and personal direction.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

DRESSMAKER'S COST CARD. Order No.....

NAME.....
ADDRESS .....
.....
PARTICULARS OF ORDER :—
.....
.....

Date of Order.....
Date required.....
Date charged .....
Date paid .....
Sales No. .....
Check No.....

STYLE, &c.	MEASUREMENTS, &c.
BODICE OR BLOUSE. *Fitter*.....	Neck..... Waist.....
Style	Bust.....
Material	Length to Waist..... Over all.....
Trimming	Sleeve inside..... outside.....
Other Remarks	
SKIRT. *Fitter*.....	Waist..... Round Hips.....
Style	Length, Front..... Back.....
Material	Placquet..... Pocket.....
Trimming	
Other Remarks	
COAT OR JACKET. *Fitter*.....	Neck..... Waist.....
Style	Bust.....
Material	Length to Waist..... Over all.....
Trimming	Sleeve inside..... outside.....
Other Remarks.....	

MATERIAL. £ s d
Cloth .....
Silk .....
Velvet .....
Lace.....
Lining.....
Braid .....
Bindings.....
Buckram.....
Trimmings.....
.....
.....

SUNDRIES.
.....
.....
.....

Materials total..

MAKING.
.....Hours @
..... „ @
..... „ @
..... „ @

Total..

Amount charged..

The above is a Cost Card, which we are enabled to illustrate through the courtesy of Messrs. TOLLIT & HARVEY, of Gresham Street, E.C., a Card which the writer has found very useful.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

TAILOR'S COST CARD. Order No.....

NAME.....
ADDRESS .....
.....
PARTICULARS OF ORDER :—
.....
.....

Date of Order.....
Date of Fitting.....
Date required.....
Date charged... .....
Date paid..... ..
Sales No..... .....
Check No.....

STYLE, &c.	MEASUREMENTS, &c.
COAT OR OVERCOAT. *Fitter*.....	Length, Collar to Waist.....Full length.....
Style	Half width of Back .....
Material	Length to Elbow....Full length of Sleeve....
Remarks	Round Breast..... Round Waist.....
.....	.....
.....	
WAISTCOAT. *Fitter*.....	With / Without Collar. Single / Double Breasted.
Style	Length of Opening.....Full Length.....
Material	Round Breast..... Round Waist.....
Remarks	
.....	
TROUSERS OR KNICKERS. *Fitter*.....	Top / Side Pockets.
Style	Length, outside seam.....inside seam.....
Material	Round Waist..... Round Seat.....
Remarks.....	Round Knee..... Round Bottom.....
.....	

MATERIAL. £ s d
Cloth .....
Silk .....
Velvet .....
Lining .....
Braid .....
Bindings.....
Canvas .....
Buttons .....
Sewings .....
Pocketing .....
.....

SUNDRIES.
.....
.....
.....

Materials total..

MAKING.
.....Hours @
..... „ @
..... „ @
..... „ @

Total..

Amount charged..

The above is a Cost Card, which we are enabled to illustrate through the courtesy of Messrs. TOLLIT & HARVEY, of Gresham Street, E.C., a Card which is used by several large West End tailors.

In the case of drapery establishments, the Work Room will probably be run in connection with a Show Room, in which case the general profit will be made in the Show Room, and the Work Room cost will come as a first debit against the Departmental Account. The Show Room thus becomes responsible for the efficient working of the Work Rooms and the necessary distinction is made between production and selling.

Books of Account.—

With respect to the ordinary books of account for a dressmaking or millinery business, an Invoice (Purchases) Book should be kept, as also a Goods on Appro. Book, a Purchases Ledger, Sales Invoice Book, Sales Ledger, Cash Book, and Private Ledger. The

Invoice (Purchases) Book should show columns for Invoice Number, Date, Name, Ledger Folio, Invoice Amount, Amount of Goods, Amount of Packing, and Amount of Carriage; the total of each of these last three columns being posted to the debit of their respective accounts in the Private Ledger at the month's end, and the individual items of Invoice Amount column to the credit of the Personal Accounts in the Purchases Ledger. The

Goods on Appro. Book should be similar to that explained on pp. 75-76. Care should be taken to take a signature for everything returned. For this purpose a manifold

Returns Book would be useful, ruled to show Date Returned, Particulars, and place for Signature. The

Debit Returns Book will be similar to that explained on p. 71, and the

Purchases Ledger will be of the ordinary kind, and kept as already explained. The

Sales Invoice Book.—Any of the systems explained in Chapter IV. can be adopted; the monthly total being posted to the credit of Sales Account, the total of which account at the end of twelve months will form the credit item in the Trading Account for the period. The

Sales Ledger can be either an ordinary ruled Ledger or a specially ruled Ledger, in which latter case an indexed book with ruling similar to the following will be found useful.

Name and Address	Date	*Dr.*	Order No.	Inv'ce No.	Amount	Date	*Cr.*	C.B. Folio	Amount
	1904				£ s d	1904			£ s d
Adams, Mrs.,	Jan. 5	To Goods	O/100	75	5 12 6				
Gorsforth House,	Feb. 6	" Do.	O/235	34	7 7 0				
Birmingham.	Mar. 3	" Do.	O/404	27	2 2 0	Apr. 26	By Cash	25	15 1 6
					£15 1 6				£15 1 6
Abrahams, Mrs., Eccleshall Lodge, Bromsgrove.	&c.	&c.							

Cash Book.—On the left-hand side will be entered all receipts and on the right all payments. The book should be balanced off monthly, an analysis made of both sides, and items which are not posted to Personal Accounts should be posted to the proper Impersonal Accounts from the Summary of the Analysis. The

Private Ledger will, of course, contain the Capital Account, the Machines and Plant Account, Furniture and Fittings Account, Materials Account, Labour Account, and General Expenses Account, Trading Account, Profit and Loss Account, and Balance Sheet.

The Trading Account will comprise the following items:—

	£ s d		£ s d
To Materials		By Goods Sold and Invoiced ..	
„ Labour			
„ Board			
„ Rent, Rates and Taxes ..			
„ Gas and Firing			
„ Office Expenses, Patterns, and Sundries			
„ Repair and Wear of Machines and Plant			
„ Bad Debts			
„ Net Profit to Capital Account			
	£		£

And the Balance Sheet the following:—

Liabilities	£ s d	*Assets.*	£ s d
Sundry Creditors:—		Cash at Bank and on hand ..	
for Stock		Sundry Debtors	
for Charges		Stock-in-Trade	
Capital		Machines and Plant	
	£		£

CHAPTER XII.

WHOLESALE SYSTEM.

MUCH of what has already been written applies to both retail and wholesale drapery, but there are variations which it is necessary to notice. Dealing first with

Sales in the wholesale,

they are almost all on credit, consequently the entering desk becomes, especially in London, an institution. In some houses there is an entering desk for each department or group of departments, in other establishments the entering is all done in an Entering Room: in either case it is usual to have a Day Book clerk and an Invoice clerk, and, in the case of the Entering Room, a warehouseman who "gives down" to the clerks the items of each purchase. The Day Book is usually long shape, with Marginal, Particulars, Price, and two Money columns; the inner Cash column being for extensions, and the outer for additions, the latter being checked against the extensions and addition of invoice. The entries are "called back" as they are made, and the goods, with the Entering Room Form, passed out to be packed and despatched.

The Entering Room Form is made out by the salesman, and contains Name, Address, Customer's and Counting-house instructions, and particulars of goods bought. When entered the forms are filed away for reference. This is practically the Slip Book of the retail, in a slightly altered form.

Another plan, followed perhaps more generally in the provinces than in London, is for the entering to be done in the department, either by a clerk belonging to the department, or by a clerk sent specially from the Office. The entering is done in one of a series of Sales Books, which is either sent into the Counting-house for the invoices to be made out therefrom (another Sales Book replacing it meanwhile), or loose slips are used with carbon, and these slips are sent in instead of the book.

Several sets of these Sales Books are used, and the entries in them are summarised daily in a "Sales Journal," from which book the posting is made. It will be noticed that the dissection follows as a matter of course in the Sales Journal. In the case of the Day Book it will have to be made therefrom item by item into the Departmental Dissection Books, and the totals agreed. A record of orders is kept in each department, and a summary usually in the Counting-house.

The ruling of the Sales Books—sometimes called Sales Entry Books—is generally as follows:—

SALES ENTRY BOOK.

1904						£ s d	£ s d
Jan. 10	Robinson & Co., 64 Fetter Lane, Manchester.						
	5 pieces Navy Estamenes 27, 27½, 27, 28, 27½	A 7	137	11⅞d.		6 15 8	
	1 piece Black Cheviot	N 16	48	16⅝d.		3 7 6	
	A.B.						10 3 2
„	Scott & Ferguson, High Street, Dundee.						
	Et seq.						

Packages.—

As this plan does not lend itself readily to the charging of cases and wrappers, this is usually done by the packer in a Packages Charge Book, the particulars of which are incorporated in the entry in the Sales Journal, which then should be ruled as below:—

SALES JOURNAL.

Folio	Date	Customer	Goods	Packing	Total	Departmental Analysis	
			£ s d	£ s d	£ s d	£ s d	£ s d

The "Packages Charge Book" might be a small manifold Invoice Book, or a specially ruled entry book, in which latter case the packing charges would be added to the invoice by the packer or despatch clerk. If a specially ruled book, it should show Date, Invoice Number, Customer, Number and Price of Case, Wrapper, &c., Journal Folio, and Amount. In a few houses a Packages Ledger is kept, and the Package Account is worked entirely independent of the Goods Account. This is useful where the return of packages is desired.

Sale Goods.—

In the case of goods purchased in more than one department an Entering, Facilitating, or Sale Card is used; this should bear the customer's full name and address, and instructions as to mode and time of delivery, departments in which goods have

been purchasel, and the names or numbers of the salespeople who served. This card should be referenced by the first assistant selling, and should be passed to the Entering Room by the last assistant serving. It will oftentimes be found advisable to use the card in every instance of a Credit Sale, and a suitable receptacle should be provided in each department for them. On the receipt of the goods in the Entering Room they should be checked with the Departmental Form and Card to see that they agree, and that the purchase is complete for entering and subsequent despatch.

Returns.—

Credits for goods sold and subsequently returned can be made either in a separate book ruled similarly to the Day Book, and styled "Sales Returns Books," the daily totals of which should be deducted from the daily totals of the Sales Day Book, or the entries may be made in the latter book in red at the end of the day's debits and the total then deducted. The first is, of course, the safer method, as well as being more convenient in enabling the credits to be passed during the day, and not necessitating their being kept over till the next morning.

Appro. Goods.—

In many businesses goods are allowed out on approval. When this is the case, a special book will be required ruled for Date, Quantity sent out, Quantity kept, Particulars, Price, D. B. folio, Amount, and Signature of warehouseman; the name and address of the customer will be written at the commencement of each entry, and each entry will be ruled off the same as in the Day Book. The returns will be made in red ink, the kept lines should be entered up daily, and as soon as a page is disposed of a blue pencil line should be ruled through it to show that everything prior to it has been settled.

GOODS OUT ON APPROVAL BOOK.

Date	Quantity sent out	Quantity kept	Particulars	Price	D.B. folio	Amount kept	Signature of Warehouseman
1904						£ s d	
Robinson & Co.,		Belfast.					
March 8	36	36	Black Silk 504	2/3	..	4 1 0	
	¼0	..	Cashmere 675	1/10	..	..	J.N.
	1	1	Jacket 307	15/6	..	0 15 6	
	1	..	,, 308	18/8	..	..	T.S.
	1	..	,, 309	19/6	..	..	T.S.
	1	1	,, 418	21/0	..	1 1 0	
Jones &	Crowther, Leeds.						
March 8	1	..	Jacket 807	27/0			

Another form of the book is as follows:—

Customer	Date sent out	Particulars	Price	Amount kept	D.B. folio	A
		1 kept	£ s d	£ s d		B
Arnott & Snooks, Leeds.	Mar. 8	¾ Jackets 15/6 18/6 21/-	..	0 18 6	27	C
		2 retd. Mar. 13				D
Abrahams & Cloud, Hull. &c.						*et seq.*

The advantage of the above book being that entries can be more readily referred to owing to the alphabetical index.

Entering Room.—

Just one word in passing respecting the Entering Room. The first thing to be done in the morning is to check back with the forms all the entries of the previous day, and when this is completed the Sales Day Book and the Sales Returns Book should be totalled and checked, and the one deducted from the other to ascertain the net sales of the day. They should then be

passed with the forms to the Counting-house and the set for the day obtained.

Every entry should have a Despatch or Invoice Number, which should be used in connection with all correspondence relating thereto; this will necessitate the filing of the forms in numerical order, otherwise the alphabetical system of filing should be adopted and the forms made up into daily packets.

The head of the Entering Room should keep a daily record of the amount of Sales and Returns, number of entries, average entry, number of folios, average number of entries per folio, &c., so that a ready comparison may be made at any time as to the work of the room.

Sales Ledgers.—

The number of Sales Ledgers will, of course, depend on the size of the business and the necessity for sub-division. In many home trade houses they will be split up, first, according to the department, as Greys, Whites, &c., and then alphabetically; the splitting up into departments is rendered necessary mainly owing to differences in terms. Sales Cash Books will be similarly divided, and summarised into a General Cash Book kept by the head cashier. Each Ledger should be separately balanced each month, and an account kept showing the balance.

Coming to the *contra* of Sales—namely:

Purchases—

it is necessary to notice a variation in the detail according to whether the wholesaler buys his goods fully or partially manufactured. If the goods are fully manufactured, it is only necessary to keep track of the invoice, first, by an entry in the Departmental Invoice Book, kept as a reference for the head of the department, and next by an entry in the Goods Bought or Purchases Journal, which may be split up into separate books, according to departmental needs.

If the goods are only partially manufactured—that is to say, greys wanting bleaching, dyeing, or printing—Record Books have to be used, in which are entered all the necessary particulars as to style, finish, &c., and dates sent out and received back. Additional columns have therefore to be provided in the Purchases Journal for these various processes, the charges for which enter directly into the cost of the goods, as also does the carriage of same. In this latter case separate Departmental Purchases Books are almost a necessity, the ruling for which is usually as follows:—

PURCHASES BOOK.

No.	Date	Name	Fo.	Amount	Cloth	Bleaching	Carriage	
				£ s d	£ s d	£ s d	£ s d	£ s d

Substituting, say, Whites, Prints, Woollens, &c., for Cloth, Bleaching, and Carriage, the ruling is such as will answer the purposes of the wholesaler who is content to buy his goods from the manufacturer ready for market.

Resulting from the necessarily exclusive departmental character of the Purchases Book an

Expenses Journal

becomes a *sine quâ non*, the ruling for which should be as follows:—

EXPENSES JOURNAL.

No.	Date	Personal Account	Impersonal Account	Fo.	Invoice Amount	Debit Accounts		
						Whites	Prints	Woollens
	1904				£ s d	£ s d	£ s d	£ s d
1	Jan. 3	Armitage & Ibbetson	Stationery	..	17 6 8	6 8 4	5 3 6	5 14 10

These charges are all passed departmentally, and a summary is made at the end of each month's entries showing the total to be debited against each Impersonal Account in the Private Ledger. Rent, Rates, Lighting, &c., are similarly charged, generally according to floor area, number of lights; Wages according to Pay Sheet; and items which cannot be charged out departmentally are sometimes charged *pro rata* on the turnover, or to a separate account termed General Management Account, which comes against the aggregate of departmental net profits.

In some businesses the month's totals of the several books are journalised. This becomes almost inevitable in charging out such items as Rent, &c., into separate Departmental Trading Accounts, though the general tendency is to drop the old-fashioned Journal, and to build up the books on the separate Journal (or columnar) principle. This latter principle lends itself particularly to the use of separate Nominal Ledgers for each department, thus leaving the Private Ledger to contain the principal and summarised accounts of the business.

Bills of Exchange.—

Perhaps the only other feature calling for special notice is the treatment of Bills of Exchange, for which properly ruled Bill Journals should be used. Bills drawn upon customers should be entered in the Bills Receivable Journal, and when accepted posted from there to the credit of the customer's Personal

Account; when the bill is negotiated or met the particulars should be entered in the Bill Journal, and the amount entered in the Cash Book according as to whether it is to the debit of either Cash or Bank Account.

With Bills Payable the opposite course will be pursued. On acceptance they will be entered in the Bills Payable Journal and posted to debit of the individual Personal Account, and when met entered in the Journal and posted to the credit of Cash or Bank Account through the Cash Book, which, in many concerns, is treated as containing the Cash and Bank Accounts.

The totals of the "*Dr.* Bills Receivable Account" and "*Cr.* Bills Receivable Account" columns and of the "*Dr.* Bills Payable Account" and "*Cr.* Bills Payable Account" columns can be posted monthly to the debit and credit respectively of Bills Receivable and Bills Payable Accounts, or the Bill Journals can, like the Cash Book, be treated as such accounts, inasmuch as they show all necessary detail and possess the necessary facilities for balancing.

The general conduct of the books, the stocktaking, and balancing will be similar to that previously set out, only, of course, on an extended scale.

BILLS RECEIVABLE JOURNAL.

Date	From whom	Fo.	Term	Due Date	Dr. B. R. A/c. £ s d	Date	How dealt with	Fo.	Cr. B. R. A/c. £ s d	Remarks
	Cr.						Dr. Bank A/c.			

BILLS PAYABLE JOURNAL.

Date	How met	Fo.	Dr. B. P. A/c. £ s d	Date	To whom given	Fo.	Term	Due Date	Cr. B. P. A/c. £ s d
	Cr. Bank A/c.				Dr.				

CHAPTER XIII.

STATISTICAL RETURNS.

For Non-Departmental Businesses.—

THE accounts of all businesses resolve themselves into records of receipts and expenditure, sometimes of goods, sometimes of cash, oftentimes of both. Into the details of such records it is not necessary to enter. The immediate object is to show how totals may be gathered together so as to present results in a concrete form.

Taking as an illustration a small business not large enough to need departmentalising, but with a proper set of account books, the first thing that would be required in order that the object of this chapter might be attained would be that the Invoice, Sales, and Cash Books should be totalled monthly, the latter in addition being analysed and the summary written in at the end of each month. After the monthly impersonal posting is done, the totals should be entered in Form 1, the amount of stock at previous stocktaking—which is here supposed to have been on December 31st—being first brought forward; stock at start and purchases are then added together, forming a total from which the net sales total is deducted, leaving an estimated stock to be brought forward as stock at the start of the following month.

Net sales is obtained by deducting from gross sales the estimated rate of gross profit which the business is supposed to be earning, this rate being revised at each stocktaking in accordance with results and future prospects. *Net sales is the guide by which to tell if overbuying is taking place*, as, speaking

generally, purchases should be paid for by stock sold; *gross profit is the test by which to measure expenses*, for, if the latter exceed the former, the difference must be made up out of capital. Expenses should be worked out in percentages of turnover as shown in Form 2, this being the only safe criterion by which to test them, a rise in percentage being a far more effective illustration of an increase than a mere rise in total. The monthly total of expenses should be brought from Form 2 to Form 1, and deducted from Gross Profit, thus getting the Net, to which should be added Sundry Income, such as Discounts, &c., giving Total Income, the next columns to which are Private Drawings and Bank Balance.

The Stocks at Start should be totalled at every stocktaking period, which in this case is assumed to be at the end of six months, and the aggregate divided by the number of months which have elapsed, this will give the Average Monthly Stock. The latter amount should then be divided into the aggregate Net Sales for the same period, giving as a result the number of times the average monthly stock has been *turned at cost price*; the oftener a stock is turned over the finer can be the rate of gross profit at which it is possible to run a business, and consequently the keener the bid for custom, the larger the income for the capital employed, and the cleaner and fresher the stock.

Expected Rate of Gross Profit is the next column. This, of course, does not mean that all goods are expected to bear the same rate, but that, allowing for necessary variations and being guided by past results, a certain average is found to be obtainable if existing circumstances continue. The rate of gross profit actually realised is shown in the following column, with the variation in the next, which, if below the expected, would suggest either that the *standard* turnover was not being maintained, or that goods were being jobbed, or fine cuts freely sold; whilst, if above the expected, a possible diminution of turnover

might be anticipated consequent on either overmarking selected sales, or abstention of usual customers.

Rates of Expenses and of Net Profits will be the rates per cent. which each is of the turnover, whilst the Return on Capital will be the rate net profit yields on capital employed. The latter should be scrutinised, as, if the business does not yield a rate higher than the market price of money, obviously no great purpose is served by being in business. The difference between balances owing by customers plus bank balance and balances owing by the business will give the available working surplus.

Thus, from summaries provided at a minimum of trouble, an interesting analysis of a business can be provided, and a permanent record of its working established, the value of which to a principal in the management and development of a business can hardly be over-estimated, whilst its worth as an intelligent and honest basis for negotiation in the case of the sale of the business cannot be disputed.

For Departmentalised Businesses.—

The question of how to keep Departmental Accounts and what expenses should be charged to them, is one about which there is some diversity of opinion and practice in the trade, and consequently no uniform rule.

The general idea that each department should be treated on a separate business basis is good, as equally is the idea that each department should contribute to the aggregate net profit of the business. But how to apply these ideas and where to draw the line in charging expenses is not so clearly apparent.

Departmental Accounts are intended to show and to test the remunerativeness, or otherwise, of departmental trading—that is, Departmental Accounts are to departments what the Trading Account is to the business, although it does not necessarily follow that the construction should be identically the same. They

Form 1.—

Month	Stock at Start	Purchases	Total	Gross Sales	Less Estimated Profit	Net Sales	Stock at end	Expenses	Net Profit	Sundry Income	Total Net Income	Drawings	Bank Balance
1901	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
January													
February													
March ..													
April ..													
May ..													
June ..													
Total..													
1902													
Ditto ..													
Total..													
1903													
Ditto ..													
Total..													

Year	Average Monthly Stock	Times Turned	Expected Rate of Gross Profit	Realised Rate of Gross Profit	Difference + or −	Rate of Expenses	Rate of Net Profit	Return on Capital	Customers' Balances	Bank and Cash Balances	Balances Owing	Working Surplus	Ratio to Turnover
1901													
1902													
1903													

Form 2.—

Month	Rent, Rates, &c.		Insurances		Lighting		Salaries and Wages		Housekeeping		Advertising		Carriage		Packages, &c.		Posts, &c.		Stationery		Travelling				Sundry		Total	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%			Amt.	%	Amt.	%
	£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d				£ s d		£ s d	
1901																												
January.. ..																												
February ..																												
March																												
April																												
May																												
June																												
Total ..																												
1902																												
Ditto																												
Total ..																												
1903																												
Ditto																												
Total ..																												

It is assumed that in each case the forms would be in a book, the left-hand page being used for the first half of the year, and the right-hand page for the second half. Pounds only need be stated, 10s. and over being counted as a pound, other amounts as nil.

may be kept in the form of Trading Accounts pure and simple, or they can be resolved into their elements by a process of analysis and shown in the form of columnar Returns.

A Trading Account form of Departmental Account is probably more applicable to businesses of a wholesale character, or to the trading sides of a manufacturer's establishment where there is, may be, a greater separation of departmental interests than in a retail drapery concern, whilst the analytical system is more peculiarly appropriate to businesses which are departmentalised more for facility of management than because of diversity of interest and separateness of trading.

A Grey Department in a Manchester warehouse is essentially distinct from a Print or Flannelette Department, the two do not appeal necessarily to the same class of customers; they do not operate in the same way; they are distinct generally in location and management; and there is not that wealth of detail in connection with them that there is in the case of departments in a modern drapery establishment: hence a simple Trading Account in comparative and percentage form serves the purpose of the one establishment, whilst a more elaborate analysis and return has to be made for the other.

Whichever form be adopted, the principle underlying the construction should be the same, and that is that *departmental responsibility should be the test of admission of charges against the department*, and unless departmental sanction and control can be shown no charge should be made. This naturally excludes many items included in a detailed Trading Account of a drapery business, and the question will be asked, How should these excluded items be treated? The depository of these charges should be the Central Managerial or General Account; where departmental control cannot be urged central managerial control should be capable of being shown, or the charge must be altogether improper. This dispenses entirely with the rule of

distributing general charges *pro rata* on the turnover, a rule the unjust incidence of which should be apparent by the consideration that the volume of trade is not necessarily the index to the volume of expense.

Now, wherever departments exist, separate estimates of stock and separate records of purchases and of sales become necessary, as well as such a record of expenses as will permit of immediate or subsequent allocation. The analysis of Purchases and of Sales can be obtained in one of three ways—by separate books for each department; by one Purchases Book and one Sales Book for the whole of the business, and subsequent dissection of the entries according to departments; or by Columnar Journals, which are preferable, where possible, to the other two, as the columns are self-checking whilst the totals provide the figures for both the Departmental Records and the General Summary shown below. Before, however, determining on the form of the Purchases Book, it is as well to consider the basis upon which the monthly estimate of stock is to be made; the usual plan, of course, is to get at Net Sales by deduction of average gross profit, but sometimes this does not show accurate, as when there are alterations in departmental rates or a run upon articles which, perhaps, do not carry, or may be are carrying more than the departmental average. To obtain a closer approximation, stock and purchases may be figured out at both cost and selling, then with sales deducted at selling and at estimated cost an interesting line of comparison, and occasionally of investigation, may be opened up. A nearer view still may be obtained by keeping stock and purchases at cost and recording sales at both cost and selling. Actual profit is thus got at; this, of course, only being possible in businesses where bulk is usual, it could not be done with advantage where there is much detail.

Among many factors which affect estimates of stock, and which render some adjustment necessary, are transfers from one

department to another; the patterning of the stock in any considerable quantity, as in a postal business; house parcels, that is, sales to employees; and reductions of selling price, either in the ordinary course of trade or during a sale. Transfers are usually dealt with in the Purchases Journals, departments being credited by deduction with what they have transferred, and debited by addition with what they have received. Patterns are usually added to net sales to keep the estimate of stock straight, and are credited Goods Account at the end of the financial period, and debited Trading. House parcels are generally treated as sales, a separate record being necessary only where the price paid is less than usual selling and it is desired to keep track of them to see the influence they have on estimates of stock. Reductions will play havoc with all estimates of stock, especially if there is a disposition to slaughter, and it is desirable that track should be kept of these for more reasons than one.

Coming next to the construction of Departmental Accounts, we can, from Analytical Purchases and Sales Journals and an Expenses Analysis, construct Departmental Stock and Profit and Loss Accounts, together with a General Profit and Loss Account as follows:—

DEPARTMENT "A."

STOCK ACCOUNT. [*Left-hand page.*

1904		£ s d	1904		£ s d
Jan. 1	To Stock at start	3,000 0 0	Jan. 31	By Sales	1,200 0 0
31	„ Purchases	500 0 0		*Less* 25 per cent. Profit ..	300 0 0
					900 0 0
				By Patterns	50 0 0
				„ Stock estimated	2,550 0 0
		£3,500 0 0			£3,500 0 0
1904 Feb. 1	To Stock estimated	2,550 0 0			

PROFIT AND LOSS ACCOUNT. [*Right-hand page.*

1904		£ s d	£	1904		£ s d	£
Jan. 31	To Salaries and Wages			Jan. 31	By Profit on Sales		
„	„ Commission						
„	„ Rents, Rates, and Taxes						
„	„ Patterns						
„	„ Advertising						
„	„ &c. &c.						
			£				£
	„ Net Profit carried down ..			Feb. 1	By Net Profit brought down ..		

Salaries and Wages will be those of the departmental head and staff. Commission will be that paid either in respect of turnover to the head or to travellers. Patterns will be the cost of those actually used. Circulars and Stationery, that relating to departmental goods. Space Rent, an amount fixed and agreed upon between the head of the department and the head of the Counting-house, the legitimacy of which charge is determined by the consideration that the department can very materially control its requirements as to space by the concentration or otherwise of its stock, and by economy or superfluity in staff; the adequacy of which provisions becomes finally subject to the general management by reason of the question as to whether the customers of the general business receive adequate attention and accommodation in the departments of the establishment. Lighting would be a legitimate charge where separate meters could be provided; heating would probably become a central managerial charge.

Failing any other direct charge, the account would be balanced by bringing the net amount of profit down, or by carrying it to an aggregate Net Profit Account; the former is perhaps better, as it permits of an adjustment at the year's end between the total amount of estimated gross profit and the actual amount (as shown by the difference between actual and estimated stock), unless indeed the Stock Account for December is credited with Gross Sales, with Patterns, and with value of Stock as shown on the Stock Sheets, then the balance of the account becomes gross departmental profit, and can be carried to the Profit and Loss Account of the department; the former seems preferable, however, as it shows the variation.

The General Working Account of the business will be constructed of the various departmental net profits, of discounts, and sundry items of revenue, and on the debit side of General Expenses; the net profit of this account will be that of the ordinary Trading or Profit and Loss Account of the business, judged as so many questions of proportion in relation to turnover in comparison with former periods, and as determining largely the success or otherwise of the general management of the business.

GENERAL PROFIT AND LOSS ACCOUNT.

1903		£ s d	1903		£ s d
Jan.-Dec.	To Management Expenses—		Dec. 31	By Net Profits—	
	Salaries ..			"A" Department	
	Wages ..			"B" "	
	Rent			"C" "	
	Insurances ..				£
	Posts ..				
	&c. &c. ..		"	By Discounts ..	
		£			
Dec. 31	To Net Profit ..				
		£			£

The Departmental and General Accounts being summarised in a final abstract each month as follows:—

ABSTRACT for the Month of.....19....

Department	Stock at Start	Purchases	Expenses	Department	Gross Sales	Stock at Close	Estimated Profit
	£ s d	£ s d	£ s d		£ s d	£ s d	£ s d
Silks ..				Silks ..			
Dresses ..				Dresses ..			
Prints ..				Prints ..			
Drapery ..				Drapery ..			
Fancy ..				Fancy ..			
Outfitting				Outfitting			
Totals £				Totals £			
General Expenses—							
Rents, Rates, and Taxes ..							
Salaries and Wages ..							
Stationery, Postages, and Sundry Expenses ..							
Total Expenses for Month ..							
Estimated Net Profit " ..							
			£				£

A third, perhaps more elaborate but certainly more informative, method of getting at departmental results would be by the compilation of Returns similar to the following, where general track is kept of the business, as a whole, by the Summaries of Stocks, Purchases and Sales and General Summary, and of the detail of each department by the Departmental Record, whilst the Financial Record renders adequate financial management possible; the Yearly Abstract presenting, in a concrete form, a picture of the general results of the business. The headings of the forms speak for themselves, both headings and forms can, of course, be altered, modified, or amplified to suit varying needs.

DEPARTMENTAL RECORDS.

"A" Department. Stock Limit.....Gross Profit..... [*Left-hand page.*

1901	Stock at Start	Purchases	Gross Sales	Estimated Profit	Net Sales	Stock at end	Increase or Decrease				House Parcels	Reductions	Equivalent Profit		Corrected Profit	
							Stock		Sales							
							Amount	%	Amount	%			Amount	%	Amount	%
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d		£ s d		£ s d	£ s d	£ s d		£ s d	
January ..																
February ..																
March																
April																
May																
June																
1902 Ditto																
1903 Ditto																

Yearly Abstract.

Year	Stock Start	Purchases	Gross Sales	Stock end	Gross Profit			House Parcels	Reductn's	Equivalent Profit		Expenses		Net Profit		Turnover at Cost	Average Stock	Times turned	% Stock variation	% of Total T.O.	% of Total Stocks
					Amount	Expd.	Reald.														
	£ s d	£ s d	£ s d	£ s d	£ s d	%	%	£ s d	£ s d	£ s d	%	£ s d	%	£ s d	%	£ s d	£ s d		Between estimated and actual	% which individual bears to whole	
1901 ..																					
1902 ..																					
1903 ..																					

Right-hand page.] "A" Department.

1901	Gross Profit			Expenses. Salaries &c.		House-keeping		Rent, &c.		Lighting		Advertising		Carriage		Travelling				Sundry		Total Expenses		Net Profit	
	£ s d		%	£ s d	%	£ s d	%	£ s d	%	£ s d	%	£ s d	%	£ s d	%	£ s d	%	£ s d	%	£ s d	%	£ s d	%	£ s d	%
January ..																									
February																									
March ..																									
April ..																									
May ..																									
June ..																									
Totals .																									
1902 Ditto ..																									
1903 Ditto ..																									
						=per head £....		=per sq.ft. £....		=per light £.... =per sq.ft. £....															

Sales.—Progressive Increase or Decrease. (Black = Inc.; Red = Dec.)

Year	January	February	March	April	May	June		January	February	March	April	May	June	
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	%	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	%
1901 ..														
1902 ..														
1903 ..														

Stock.—Progressive Increase or Decrease.

SUMM

DEPARTMENTAL STOCKS.

1901	January 1 @ Valuation		February 1		March 1		April 1		May 1		June 1		June 30 estd.	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	£ s d	*	£ s d		£ s d		£ s d		£ s d		£ s d		£ s d	
"A" Dept.														
"B" "														
"C" "														
&c. "														
Totals ..														

* Percentage of Total Stock.

DEPARTMENTAL PURCHASES.

1901	Limit	Monthly Average	January	February	Total	March	Total	April	Total
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
"A" Dept.									
"B" "									
"C" "									
&c. "									
Totals ..									

DEPARTMENTAL SALES. [Gross or Net, or columns can be ruled for both.]

1901	January		February		Total		March		Total		April		Total		May	
		%		%		%		%		%		%		%		%
	£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d	
"A" Dept. ..																
"B" " ..																
"C" " ..																
&c.																
Totals .																

ARIES.

PROGRESSIVE INCREASE OR DECREASE (Blk. = inc.; Red = dec.)

June 30 actual		% of Variation	@ January 31		@ February 28		@ March 31		@ April 30		@ May 31		@ June 30	
Amount	%		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
£ s d		£ s d	£ s d	*	£ s d		£ s d		£ s d		£ s d		£ s d	

* Individual % of Increase or Decrease.

PROGRESSIVE INCREASE OR DECREASE.

May	Total	June	Total	@ January 31		@ Feb. 28		@ March 31		@ April 30		@ May 31		@ June 30	
				Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
£ s d	£ s d	£ s d	£ s d	£ s d		£ s d		£ s d		£ s d		£ s d		£ s d	

PROGRESSIVE INCREASE OR DECREASE.

Total		June		Total		@ January 31		@ Feb. 28		@ March 31		@ April 30		@ May 31		@ June 30	
	%		%		%		%		%		%		%		%		%
£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d		£ s d	

GENERAL

1901	Stock at start	Purchases	Gross Sales	General Profit %	Net Sales	Stock at end	Net Sales as Summary	= to General Profit of %
	£ s d	£ s d	£ s d		£ s d	£ s d	£ s d	
January								
February								
March								
April								
May								
June								
Totals ..								

YEARLY

Year	Stock start	Purchases	Gross Sales	Stock end	Gross Profit	Expected %	Realised %	House Parcels	Reductions
	£ s d	£ s d	£ s d	£ s d	£ s d			£ s d	£ s d
1901									
1902									
1903									

*MONTHLY FINANCIAL

1901	Gross Profit		Discounts		Sundry	Total Revenue	Expenses							
	£ s d	%	£ s d	%	£ s d	£ s d	£ s d	%	£ s d	%	£ s d	%	£ s d	%
January ..														
February ..														
March ..														
April ..														
May ..														
June ..														
Totals ..														

*Followed by one similarly

SUMMARY

Stock as Summary	Variation %	Increase or Decrease						House Parcels	Reductions	Loss of Profit of %
		Stock	%	Purchases	%	Sales	%			
£ s d		£ s d		£ s d		£ s d		£ s d	£ s d	£ s d

ABSTRACT

Equal Profit Loss		Expenses		Net Profit		Discounts	Sundry Revenue	Total Revenue	Net Turnover	Average Stock	Times turned
£ s d	%	£ s d	%	£ s d	%	£ s d	£ s d	£ s d	£ s d	£ s d	

RECORD.

				Total Expenses		Net Profit		Net Revenue	Drawings	Bank and Cash Balances	Customers' Balances	Balances owing	Working Surplus
£ s d	%	£ s d	%	£ s d	%	£ s d	%	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

ruled for a series of years.

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